



# Memorandum D23-3-1: Customs Self-Assessment Program for Importers

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## Plain language summary

**Target audience:** Importers of commercial goods

**Key content:** How to apply to and participate in the Canada Border Services Agency's Customs Self-Assessment Program

**Key words:** CARM, accounting, commercial goods, importer, payment, program, revenue

## On this page

- [Updates made to this D-memo](#)
- [Definitions and acronyms](#)
- [Guidelines](#)
- [References](#)
- [Contact us](#)
- [Related links](#)

## Updates made to this D-memo

This memorandum has been updated to reflect changes to the Customs Self-Assessment Program (the program) resulting from the implementation of Release 2 of the CBSA Assessment and Revenue Management (CARM) project. This release introduces:

- electronic commercial accounting declarations that enable account holders to make corrections and adjustments
- new requirements related to the Release Prior to Payment (RPP) program
- new harmonized billing cycles

Principle updates to this D-memo include:

- how to apply for the program and communicate via the CARM portal
- policies and procedures in relation to the CBSA Assessment and Revenue Management (CARM) system
- the replacement of all references to the use of a B3 form to complete self-assessment via EDI
  - consolidated B3s have been replaced with consolidated CADs where the importer or their customs broker may consolidate multiple shipments into single CAD lines
- the replacement of all references to duties and taxes reported on a monthly Revenue summary form (RSF) with duties and taxes totalled on a statement of account (SOA)
- the replacement of the Customs Automated Data Exchange (CADEX) and the United Nations/Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) with an XML message via EDI
- the removal of the sections on:
  - hand carried goods
  - low value shipments (LVS) and high value shipments (HVS)
    - under CARM both LVS and HVS will be treated the same and subject to the same accounting and payment rules
- changes to reflect that all AMPS penalties will be issued by CARM
- minor updates to sections on suspension, cancellation and appeals to ensure consistency across all program D-memos

## **Definitions and acronyms**

### **Account security**

The pre-authorized amount of money or bond posted in accordance with Memorandum D1-7-1, Posting Security for Transacting Bonded Operations to secure the duties and taxes debt on imported goods.

### **Account security number**

The account security number (ASEC) is a 5-digit number assigned by the CBSA to an importer or licensed customs broker who has posted security with the CBSA number.

### **Accounting trigger**

A process initiated from within the CSA importer's business systems that notifies them that there are imported goods for which customs accounting is required. The accounting trigger replaces the notification process that occurs when goods are released by the CBSA.

## **ACROSS**

Accelerated Commercial Release Operations Support System

## **Act**

Customs Act

## **Authorized officer**

A person holding legal signing authority for the company that is applying for authorization under the CSA program.

## **AIGPDR**

*Accounting for Importer Goods and Payment of Duties Regulations*

## **Administrative Monetary Penalty System (AMPS)**

The vehicle through which the CBSA issues monetary penalties to commercial clients for violating the CBSA trade and border legislation. The purpose of AMPS is to provide the CBSA with a means to deter non-compliance by its clients and create a level playing field for all Canadian businesses.

## **Authorized to deliver**

The status of a CSA shipment that allows the carrier to deliver the goods directly to the place of business of the importer, owner, or consignee where the importer and carrier are authorized. In highway mode, the driver is registered under Commercial Driver Registration Program (CDRP) or FAST. The carrier is liable for duties until the importer, owner or consignee receives the goods.

## **Billing cycle**

Information regarding the timelines for billing, accounting, and payments for clients and transactions with deferred payment privileges (i.e., Release Prior to Payment (RPP)).

### **Border services officer (BSO)**

Formerly, Customs Officers, Immigration Officers, and Food Inspection Officers, BSO is the new term used to designate any and all of these CBSA officers.

### **Business day**

Any day during which the customs office is open and accepts delivery or removal of commercial goods.

### **Business number (BN9)**

A 9-digit numerical Canada Revenue Agency (CRA) business registration number used to uniquely identify legal entity information of a business when dealing with the federal, provincial and municipal governments (e.g., 123456789).

### **Business number (BN15)**

A 15-character alphanumeric identifier assigned by the CRA to identify a business, made up of the 9 digit business number appended by a 6 digit alpha-numerical number used to uniquely identify the business's import/export accounts (e.g., 123456789RM0001).

### **Commercial Accounting Declaration (CAD)**

***Serves as the digital document to account for imported goods into Canada***, replacing Canada Customs Coding Form (B3) and Canada Customs – Adjustment Request (B2).

### **Commercial Accounting Declaration for Trusted Traders (TT-Type CAD)**

This type has been specifically designed for CSA Importers, and is the primary CAD type to be used by CSA importers.

### **CARM Client Portal (CCP)**

Portal that will serve as the primary hub for accounting and revenue management with the CBSA. Online platform that allows TT member to view and transact on their account online.

### **Carrier code**

A unique 4-digit identifier issued by the CBSA to identify a specific carrier.

**Carrier/transporter**

A person who, in accordance with the *Transportation of Goods Regulation*, is authorized to transport goods or to cause goods to be transported.

**Cargo Control Number (CCN)**

A number assigned to a transport document. It uniquely identifies cargo detailed on a cargo submission. The cargo control number consists of the carrier code followed by a unique reference number assigned by the carrier/representative and cannot contain spaces. The first four characters are the CBSA approved carrier code.

**Clearance**

A function performed by the CBSA that provides authorization to move inward or outward from the CBSA's control. Under the CSA program, the clearance process occurs at the first point of arrival and provides the carrier with authorization to deliver the shipment. It is different from the release of the goods that occurs when the goods are delivered.

**Commercial Driver Registration Program (CDRP)**

A voluntary CBSA program to register commercial truck drivers and allow them to participate in the CSA program. Drivers that meet the qualifications of the program become registered drivers and receive a photo identification card.

**Commercial goods**

Goods imported into Canada for sale or for any commercial, industrial, occupational, institutional or other like use.

**Control port**

A valid CBSA port number selected by the CSA importer for CSA processing.

**CSA**

Customs Self-Assessment

**CSA clearance**

Goods that are eligible to enter Canada under a CSA service option, which are imported by an authorized importer and transported into Canada using an authorized carrier. In the case of commercial highway conveyances, the driver is to be registered under the CDRP or FAST.

**CSA carrier**

A carrier that holds a CSA authorization.

**CSA-eligible goods**

Eligible goods mean commercial goods that have been shipped directly from the United States or Mexico, where those goods do not require, under any act of Parliament or of the legislature of a province, a permit, license or other similar document to be presented to the CBSA at the time of report.

**CSA importer**

An importer that holds a CSA authorization.

**CSA release**

The date on which goods of the authorized importer are physically received on site, at the place of business of the importer, owner or consignee, regardless of when the goods are actually received into inventory.

**CUSMA**

Canada United States Mexico Free Trade Agreement

**Customs broker summary statement (CBSS)**

Contains all the same information as an SOA but tailored to customs brokers and shows all transactions filed by them during the relevant billing period. CBSSs are delivered on the 25th day of each month via EDI (where applicable) and the CCP.

**Date of decision**

For automated self-adjustments, the decision date is the date on which CARM accepts the transmission of an error-free CAD-subsequent versions that would replace the original CAD declaration.

**Date of release**

The date the goods are received at the place of business of the CSA importer, owner or consignee, regardless of when the goods are actually received into inventory; or the date goods were released by the CBSA.

### **Daily notice (DN)**

A report for brokers and importers using release prior to payment privilege to import goods into Canada. This report contains accounting transactions for debits, credits and payments per importer. The DN is a reflection of all transactions posted on a specific date. DNs are delivered daily and only via EDI. For non-EDI trade chain partners (TCP)s, all information found on the DN can also be accessed in real time via the transaction history on the CCP.

### **Division**

A branch of a company that is not separately incorporated.

### **Electronic Commerce Client Requirements Document (ECCRD)**

Document that provides comprehensive information about business and system requirements of various electronic transactions for multiple import and export programs.

### **Electronic Data Interchange (EDI)**

EDI is the method to electronically transmit import or export data and accounting documents to the CBSA.

### **Free and Secure Trade (FAST)**

A commercial clearance initiative designed to ensure safety and security while expediting legitimate trade across the Canada-U.S. border.

### **Financial institution**

A financial institution can be; a bank; a credit union; a corporation authorized by an act of Parliament or of the legislature of a province to carry on the business of offering its services as a trustee to the public; or a corporation authorized by an act of Parliament or of the legislature of a province to accept deposits from the public and that carries on the business of lending money on the security of real property or of investing in mortgages or hypothecs on real property.

### **Foreign-trade zones (FTZ)**

Secure areas under U.S. Customs and Border Protection (CBP) supervision that are generally considered outside CBP territory upon activation. Foreign-trade zone sites are subject to the laws and regulations of the United States as well as those of the states and communities in which they are located.

The usual formal CBP entry procedures and payments of duties are not required on the foreign merchandise unless and until it enters CBP territory for domestic consumption, at which point the importer generally has the choice of paying duties at the rate of either the original foreign materials or the finished product. Domestic goods moved into the zone for export may be considered exported upon admission to the zone for purposes of excise tax rebates and drawback.

### **GST**

Goods and Services Tax

### **Harmonized system (HS)**

The Harmonized Commodity Description and coding system of tariff classification for imported goods.

### **High value shipment (HVS)**

Commercial goods with a value for duty exceeding CAD\$3,300.

### **In-bond movement**

The inland movement of goods that have not yet obtained Customs release. Only a carrier who has posted security with the CBSA may use the in-bond process.

### **LTL**

Less than Truckload

### **Low value shipment (LVS)**

Commercial goods with a value for duty of CAD\$3,300 or less

### **OGD**

Other Government Department

## **Owner-operator**

A person who owns and operates transportation equipment, and has a written contract to provide equipment exclusively to a CSA carrier.

## **Post-incident analysis (PIA)**

The activities undertaken with a member following a breach of supply chain security. The PIA will investigate the incident, identify any mitigating circumstances, and formulate a strategy for the prevention of future incidents.

## **Release on Minimum Documentation (RMD)**

Allows importers to obtain release of goods by presenting interim documentation.

## **Service option (SO)**

A numeric identification used in ACROSS to identify a specific clearance program.

## **Shipment**

A shipment for which a carrier is responsible is one that consists of:

- (i) A specified good or collection of specified goods that is listed in a single bill of lading, waybill or other similar document that is issued by the carrier and that relates to the carriage of those goods; or
- (ii) A specified good that is an empty cargo container that is not for sale that is transported by the carrier but that is not listed in a bill of lading, waybill or other similar document; and

A shipment for which a freight forwarder is responsible is one that consists of a specified good or collection of specified goods that is listed in a single bill of lading, waybill or other similar document that is issued by the freight forwarder and that relates to the carriage of those goods.

## ***Special Import Measures Act (SIMA)***

Governs the assessment of anti-dumping and countervailing duties on imported goods.

## **Statement of account (SOA)**

Summarizes transactions for the billing period, including payments made, interest owing, credits on account, and disbursements issued. SOAs provide a summarized view, are delivered on the 25th day of each month, and are available on the CCP or via EDI.

## **Summary of drawback activity (SDA)**

An Adobe form used by a CSA importer to report summary drawback information in place of individual drawbacks claims submitted via the CARM Client Portal.

## **Sweep**

A process within the importer's business systems that will identify unmatched orders/receipts/ invoices to ensure that all goods are accounted for and duty paid in accordance with the *Customs Act*.

## **Technical Commercial Client Unit (TCCU)**

Unit of the CBSA that provides technical advice and testing to external commercial clients.

## **Trade chain partner (TCP)**

An enterprise that is directly involved in the importation or cross-border movement of goods imported or transported by a CSA importer. TCP names are captured in ACROSS as part of an ongoing risk process and to verify legitimacy of a shipment. TCPs of the importer include United States and Mexico vendors and consignees in Canada that receive direct shipments.

## **Tariff Rate Quota (TRQ)**

A specified quantity that determines the applicable tariff rates of certain goods imported into Canada. Goods classified under a "within access commitment item" are subject to reduced duty rates.

## **United States goods**

Goods that are imported from the United States, including US FTZs, not having been trans-shipped through the United States from a third country. United States goods may include goods originating in the United States, or goods that have legally entered the commerce of the United States.

# **Guidelines**

1. Customs Self-Assessment (CSA) is a Canada Border Services Agency (CBSA) program designed to streamline the import process for authorized low-risk importers

who have the systems capability to self-assess and account for imported goods to the CBSA and pay duties and taxes.

2. To use Free and Secure Trade (FAST) lanes into Canada, carriers and importers must be authorized under the Partners in Protection (PIP) program or under both the CSA **and** PIP programs. The driver must be registered in either the FAST Commercial Driver Program or the Commercial Driver Registration Program (CDRP).

- [Free and Secure Trade \(FAST\)](#)
- [Join Partners in Protection: Streamline the border process and improve security](#)

3. All legislative references to sections, subsections and paragraphs in this memorandum are from the *Customs Act* (the Act), unless otherwise stated.

4. The CSA program is comprised of two components:

- a) **Accounting, Revenue Reporting, Payment and Adjustment:** Importers authorized under the CSA program to use the CSA accounting and payment processes for all commercial goods imported, regardless of the clearance process used to report the goods to the CBSA.
- b) **Clearance (Transportation and Reporting of Goods):** CSA clearance is an optional reporting process available only to members of CSA. To use CSA clearance, the following conditions must be present:
  - i. the goods must be eligible goods as defined under the [Accounting for Imported Goods and Payment of Duties Regulations](#) (AIGPDR);
  - ii. the importer of those goods is a CSA importer;
  - iii. the carrier that transports those goods is a CSA carrier;
  - iv. when reporting the goods, the operator of the conveyance provides in bar-coded format the CSA carrier's carrier code as assigned by the Agency and the CSA importer's business number (BN15); and,
  - v. in the case of eligible goods transported into Canada by a commercial highway conveyance as defined in section 1 of the [Presentation of Persons \(2003\) Regulations](#), the driver of the conveyance holds an authorization under those Regulations, either the CDRP or the FAST Commercial Driver Program.

- [Free and Secure Trade \(FAST\)](#)
- [Commercial Driver Registration Program \(CDRP\)](#)

5. The fundamental features of the CSA program include:

- a) The risk assessment and authorization of the importer, carrier, and highway driver.
- b) The reduction of the number of data elements required to effect clearance of CSA-eligible goods, including the opportunity to consolidate some Commercial Accounting Declaration (CAD) data.
- c) The CSA clearance is used to request the “authority to deliver” eligible goods directly to the importer, owner or consignee prior to release.
- d) The date of release is the date on which the imported goods are received at the place of business of the importer, owner or consignee.
- e) The requirement for accounting to the CBSA (the “accounting trigger”) is identified by the importer through business books and records. Clearance records for goods imported by a CSA importer are not inventoried in the CBSA’s systems for acquittal.
- f) The extension of the time frame for accounting to the CBSA is increased from five days and timeframe varies according to which CSA accounting option chosen.
- g) The replacement of individual drawback claims with a Summary of Drawback Activity (SDA).
- h) The assignment of a CBSA officer to the CSA importer.

## **General process requirements**

6. The points below are provided as a general overview of the CSA process requirements for a CSA importer:

### **For border processing**

- a) Identify which goods are eligible for CSA clearance and communicate this to the vendor, shipper or carrier so that they are reported to the CBSA under the correct service option.
- b) The importer’s BN15 (the 15-digit business number including the RM account) in bar-coded format is required by the CBSA when goods are reported under a CSA service option.
- c) Ensure the TCP lists of United States (US) and Mexico vendors and Canadian direct delivery consignees are submitted or transmitted to the CBSA by the importer or service provider, and updated as required.

## **For accounting, adjustment and payment**

- a) Importers require a process to identify the date of release for goods delivered to their own place of business or the place of business of the owner or consignee.
- b) CSA importers must have a process in place to ensure that imported goods are accounted to the CBSA (i.e. a business systems trigger for CBSA accounting). The extended accounting time frames of the CSA accounting options are offered to provide the importer with the opportunity to identify imported goods and submit accounting by the due date.
- c) Accounting to the CBSA remains similar to non-CSA processing, and CAD trade information is transmitted to the CBSA by importers or their agents through XML message format via EDI for declaration submission and adjustment, which will leverage a message queue for transmission for both the original submission of a CAD and subsequent changes to the original CAD. Supporting documentation is not required unless requested by an officer.
- d) The Statement of Account (SOA) summarizes transactions for the billing period, including payments made, interest owing, credits on account, and disbursements issued. SOAs provide a summarized view, are delivered on the 25th day of each month, and are available on the CCP or via EDI.
- e) The daily notice (DN) is a reflection of all transactions posted on a specific date. DNs are delivered daily and only via EDI. For non-EDI TCPs, all information found on the DN can also be accessed in real time via the transaction history on the CCP.
- f) Corrections to the information on a CAD can be made by CSA importers, without CBSA intervention, from initial submission of the CAD until 11:59:59PM EST/EDT on payment due date. Corrections are transmitted electronically via EDI, or Web Service (API) or submitted via the CCP. This process provides CSA importers the ability to submit interest-free corrections to the information on a CAD before the payment due date.
- g) Self-adjustments to CAD are transmitted electronically via EDI or API, or submitted via the CCP. This process provides CSA importers and the CBSA the ability to request a change to information on a CAD after the payment due date for specified reasons (e.g. respond to a CBSA compliance verification, self-identification of a reason to believe that a declaration was incorrect).

## Privacy statement

7. The information collected under the CSA program application and supporting documents is done in accordance with the authority of section 32 of the *Customs Act* for the purposes of administering or enforcing the CSA Program. The information will be used to determine the eligibility of an applicant and to conduct compliance reviews (e.g. to ensure that members continue to adhere to program requirements) and may be disclosed internally for the purposes of investigation and enforcement activities relating to program applicants and members. The information may also be used for statistical purposes and program evaluation. Disclosure of the information collected under the CSA program application and supporting documents is governed by section 107 of the *Customs Act*.

8. In addition to the information outlined in the CSA program application and supporting documents, the CBSA may disclose the business name, address, contact information, BN, membership dates, membership status and business identifiers to other programs within the CBSA and to other government agencies, to confirm membership status, conduct debt checks or carry out the mandate of the CBSA, as applicable, under section 107 of the Act.

9. Individuals have the right of access and/or can make corrections to their personal information under the [Privacy Act](#). The CSA program, outlined in the [Information about programs and information holdings](#) section of the Info Source, describes the information collected.

## Section 1: CSA authorization

### CSA eligibility criteria

10. To participate in the program, the importer must meet the following basic eligibility criteria:
- a) if the importer is an individual, the importer ordinarily resides in Canada or the United States (US) or, if the importer is a partnership, the importer has at least one partner who is an individual who ordinarily resides in Canada or the US;
  - b) if the importer is a corporation, the importer has its head office in Canada or the US or operates a branch office in Canada or the US;

- c) the importer has not contravened program legislation as defined in section 2 of the [Canada Border Services Agency Act](#);
- (c.1) the importer does not have a criminal record;
- (c.2) the importer is not a debtor as defined in section 97.21 of the Act;
- d) the importer is solvent;
- e) the importer has imported commercial goods into Canada at least once prior to the 90 days before the day on which the application was received;
- f) the importer gives security in accordance with section 11;
- g) the importer's books, records and business processes have the internal controls necessary to permit the Agency to determine if the importer is in compliance with the Act and its Regulations; and
- h) the importer is able to electronically transmit to the Agency, in accordance with the technical requirements, specifications and procedures for EDI that are set out in the *ECCRD*, the information that is submitted when accounting for goods released under subsection 32(2) of the Act and any adjustments to that information.

11. The Canadian or American business entity maintains separate books and records in relation to the Canadian or American business operations, and prepares separate financial statements; files Canadian income tax returns; maintains and controls bank accounts in Canada or the US; accounts for the imported goods and is responsible for paying the applicable duties and taxes.

## **CARM Client Portal registration**

12. Once TCPs have registered to the CCP and enrolled in the importer program they can then continue their application to the CSA program. The following section outlines the steps involved in onboarding to the CCP, registering their business, and enrolling into the Importer program. Steps for enrolling in the CSA program can be found in the next section.

13. To onboard to the CCP, an applicant's Authorized Officer must complete the following processes:

- Sign in to the portal using either:
  - Option A: Sign-in Partner (A financial institution with which you have set up online credentials)
  - Option B: GCKey (a unique Government of Canada credential you can create)
- Register for multi factor authentication

- Create your person profile
- Complete the first time setup process by choosing either:
  - Option A: Register a business; or
  - Option B: Request access to an employer

14. Following portal onboarding, all TCPs start registration by following the core registration process. They will have the option to create a new CCP business account or to request access to an existing CCP process.

- TCP signs into the CCP
- TCP creates user profile
- TCP completes delegation of authority process
- TCP provides BN9, RM and/or program ID (if applicable)
- TCP completes CCP registration by completing 1 of 5 registration scenarios

15. Detailed instructions for process scenarios can be found in the “CARM R2 Playbook: Section 03 Registration”. The descriptions and process steps for each scenario are explained in Registration Scenarios. At the end of each scenario, all TCPs will obtain, or gain access to, their BN9 and RM (and Program ID, if eligible) and will be enrolled in a CBSA program.

16. If the TCP is the first user for their business (i.e. legal entity) to access the CCP, they must go through the Registration Scenarios process to create an account for their business. The first user is considered the Business Account Manager (BAM), which enables them to manage all business and program information associated with their business account, and perform business operations activities in the CCP. The BAM can delegate access to other users, such as to the business’ employees and third parties (e.g. trade consultants).

17. The next user(s) for the business (i.e. legal entity) proceed(s) to the *Delegation of Authority (DOA)* process to request access to the registered business account on the CCP from the BAM and completes the rest of their registration via the DOA process.

18. TCPs can enrol in the CSA Program by completing the steps outlined below.

**Prerequisites:**

- TCP has a CCP user account.
- TCP needs to obtain an RM as part of the registration process, or wishes to enrol in a new program.
- TCP needs to enrol in a program which is facilitated on the CCP via web-form enrolment.

**Web enrolment process:**

- Select enrolment option
- Complete program enrolment web form
- CBSA officer reviews enrolment web form and will generate and assign an RM and if required, a BN9.
- TCP to post financial security, if applicable
- CBSA officer to generate program ID, if applicable
- View program enrolment status.

19. Through the Importer Program enrolment process, TCPs receive an RM identifying the CBSA program in which they are enrolled. The RM is a 6-digit number (e.g. RM0001), which together with the BN9 makes up their BN15. The BN15 identifies that a legal entity (BN9) is enrolled in one or more CBSA programs (RMs). TCPs cannot complete the CARM Registration process, nor obtain a BN9, without enrolling in at least one CBSA Program and obtaining an RM identifier.

## **CSA importer program application**

20. To enroll in the CSA Program, an application for a CSA authorization is made to the Minister which is comprised of two parts that must be completed by the importer accurately and completely:

### **Part 1: Risk assessment**

The importer must provide basic company information about business structure and activities. The CBSA will then conduct a risk assessment of the company and advise of the Part 1 status. Once Part 1 has been approved by the CBSA, the importer may proceed to completing Part 2 of the application.

### **Part 2: Books, records and business systems**

Once the CBSA has approved the Part 1 application, the importer can continue with Part 2. For Part 2, the importer must demonstrate that their books, records and business systems have all the necessary internal controls, processes and audit trails in place, before submitting the application to the CBSA for review.

21. Throughout the application process, the CBSA reserves the right to request information in addition to details provided by the importer in Parts 1 and 2 of the application.

22. The CBSA will refuse to issue a CSA authorization to any applicant, if it is found that the applicant provided false or misleading information in any part of its application and may assess a penalty of CAD\$25,000.

23. Should the business decide to hire a third party to complete the application process, and/or in any other interactions with the CBSA, they must provide the CBSA with a Third Party Authorization letter signed by an authorized officer (see “Definitions” for details) of the business. The letter of authorization should be printed on the business’ letterhead and should follow the suggested format outlined in [Appendix D: Letter of Authorization](#). The business maintains full liability for all information provided to the CBSA by their representative.

## **CSA application: Part 1**

24. To enroll in the CSA Sub-Program and apply for a CSA authorization, the importer must download and complete the [CSA Trusted Trader Importer Clearance and Accounting Benefit Part 1 form](#). Once complete the importer must upload the Part 1 form directly to the CCP.

**Note: The importer must first receive approval from the CBSA for Part 1 before submitting Part 2.**

25. Part 1 of the CSA importer application must be signed by an authorized officer of the business and certify that the information provided is true and complete.

Any information submitted by the importer, such as the CSA application information, is subject to the disclosure provisions under section 107 of the Act and the Privacy Act.

26. When Part 1 of the application is received, a CBSA officer is assigned to the importer. This officer serves as a single point of contact for the CSA program, manages the importer’s application, provides ongoing guidance and assistance, and monitors the importer’s CSA program compliance.

27. During Part 1 of the application process, the importer should confirm that the business is correctly registered through the CCP under the Importer Program. To participate in the CSA sub-program, it is essential that the legal entity be registered under only one BN9, and divisions or branches of the legal entity involved in the importation of goods are identified with a unique import/export (RM) account identifier. CSA importers are exclusively identified in the CBSA’s automated systems by their BN15. The CBSA systems will recognize an importer BN/RM as being CSA approved, thus validating the importer authorization for the purposes of the CSA clearance. Additional information about the BN can be found in departmental [Memorandum D17-1-5: Registration, Accounting and Payment for Commercial Goods](#).

28. An importer risk assessment is conducted and includes an examination of the legal business entity, and includes an assessment of compliance with CBSA program legislation, criminal convictions, and outstanding debts to the Crown.

29. The timeframe for completion of the CSA risk assessment may vary from case to case, according to a number of factors, such as the corporate structure of the entity and the number of regions in which the importer conducts business.

### **Part 1: Approval**

30. Importers who pass the Part 1 application are deemed to be low-risk and are invited to continue to Part 2 of the CSA application process. This notification is not a final authorization to participate in the CSA program, but permits the importer to proceed to Part 2. Final approval for participation is obtained only when Part 2 of the application process is completed successfully and the Summary of Program Requirements is signed by the approved importer and accepted by the CBSA via their account in the CCP.

### **Part 1: Denial**

31. Importers whose Part 1 application is denied will be notified of the reason for the denial via the CCP.

32. An importer whose Part 1 application has been denied may re-apply once they've met the requirements of the program via the CCP.

### **CSA application: Part 2**

33. Importers who have received an invitation to continue to Part 2 of the CSA application must download and complete the [CSA Trusted Trader Importer Clearance and Accounting Benefit Part 2 form](#). Once complete the importer must upload the Part 2 form directly to the CCP. Information concerning the completion of the Part 2 form may also be obtained by contacting their assigned CBSA officer.

34. An authorized officer of the business must sign the form and certify that the information provided is true and complete.

35. During the Part 2 application process, the CBSA will ensure that the importer's business systems allow for the complete and accurate reporting of the trade data for all imported goods. The importer must describe their business systems for the import

process, including audit trails and internal controls from source documents to accounting documents. The audit trail includes, but is not limited to:

- a) importer source documents, such as purchase orders, invoices, proof of payment, etc. of imported goods;
- b) the receipt of goods; and
- c) documents pertaining to payment of duties and taxes.

36. The importer must demonstrate how the following CSA requirements will be met:

- a) the release date captured in the importer's systems;
- b) the reconciliation of commercial records to trigger the accounting for imported goods;
- c) the identification and accounting for goods that may fall outside the accounting trigger (e.g. by using a systems sweep described below);
- d) differentiation of foreign and domestic goods;
- e) the ability to identify and control importations with permit and/or release requirements from Other Government Departments (OGD's);
- f) the correction of original accounting information submission and maintenance of TCP lists; and
- g) electronic transmissions of adjustment to CAD and TCP updates

37. In Part 2, the importer also identifies the CSA accounting option that the importer has selected and the account security number that is pledged. Get [more information on account security](#).

38. The systems requirements to support CSA requirements do not have to be in place when Part 2 of the application is submitted, but must in place before the final authorization is granted. The details relating to the specific systems requirements and minimum audit trails are provided in Part 2 of the CSA application.

39. The evaluation of Part 2 of the application is performed by the CBSA officer who reviews the importer's application against the CSA requirements. While the CBSA officer exercises due diligence in reviewing Part 2, acceptance of the application does not signify certification of the importer's business systems, or exempt the importer from being subject to any penalty assessed by the CBSA.

40. The CBSA will visit the importer's premises to review information and systems descriptions provided in Part 2 of the application (e.g. tour of the premises, systems walk-through, report generation, etc.).

## **Multiple Part 2 applications**

41. While only one Part 1 application form is to be submitted by the legal entity, the various business divisions that wish to participate separately under the CSA program must each submit a Part 2 application. Once the legal entity is assessed as a low-risk importer under Part 1, the individual divisions may become CSA participants based on their systems readiness or business needs.

42. By allowing more than one application under Part 2, business divisions of the legal entity can join the CSA in a graduated manner. Operationally, this means that some divisions may have separate CSA clearance, accounting, revenue summary, remittance and adjustments. Accordingly, the divisions that submit a separate Part 2 application to be a CSA-approved importer must be clearly defined by a separate 15-digit BN.

43. When several divisions submit a single Part 2 application (e.g. divisions A, B and C), **one** 15-digit BN/RM must be selected and consistently used to identify that group of divisions. The remaining RM accounts must be cancelled. The one 15-digit BN/RM selected to identify the multiple divisions is used on all clearance, accounting, payment and adjustment documents or transmissions. This also means that concurrent links and audit trails for these divisions must exist in the business books and records.

## **Electronic requirements**

44. The authorized CSA importer is required to provide CAD and adjustments electronically from the importer's business systems, either directly or through a service provider. Where the importer's TCP list is greater than 25, changes to the list must also be transmitted electronically. For more information regarding TCPs, please refer to paragraphs 47 to 49 below.

45. To assist importers in understanding the electronic requirements of the CSA program, importers or service providers can obtain a copy of Chapter 17 of the CSA ECCRD by visiting the CBSA website. The ECCRD gives an overview of the EDI environment at the CBSA, provides message maps (in Appendix A of the ECCRD), and the implementation methodology associated with the CSA program. The main purpose of the document is to assist CSA participants with their internal implementation.

46. The CBSA does not begin the testing phase of an importer's electronic transmissions until the importer's Part 2 submission is approved. Once the approval is provided, the CBSA officer will forward an EDI survey to the importer to initiate the

testing process. The importer must complete the testing process with the CBSA before the final CSA authorization can be provided.

### **Trade chain partners (TCP) lists**

47. Importers who are authorized to participate in the CSA program are required to provide and electronically maintain lists of the following TCPs:

- locations in Canada that receive direct delivery of imported goods for which the CSA participant is the importer of record; and
- for goods imported from the US and Mexico, all vendors and shipping locations.

48. The requirement to provide the TCP lists supports ongoing risk assessment. TCP lists submitted by the CSA importer are captured in ACROSS for officers to evaluate the legitimacy of shipments reported under the CSA program; therefore, importers must ensure that the TCP lists remain current. Both additions and deletions must be provided to CBSA.

49. The CBSA reserves the right to conduct a documentation review at the time of report and may request the shipment's delivery paperwork to compare the actual vendor and consignee with the importer's TCP list.

### **Trade chain partner loads**

50. During Part 2 of the application process, importers must submit an initial list of their TCPs, including the vendors in the US and Mexico and the consignees in Canada that receive direct-delivery of imported goods. The TCP list must be submitted electronically as per the specifications for the TCP load provided in [Appendix A: Load specifications for vendors and consignees](#) of this memorandum and in the ECCRD. The importer may submit a test file of the TCP list to the CBSA to ensure that the final product is readable.

51. Six weeks before the CSA start date, a complete TCP file must be submitted to the CSA office for loading to the CBSA system. Throughout their participation in the CSA program, the importer is required to ensure that the list is up-to-date by submitting both additions to and deletions from the list. Where there are more than 25 TCPs, the update must be transmitted electronically. The ability to add and delete records electronically from the TCP file is part of the importer's electronic testing. Failure to provide and maintain the list of vendors and consignees may result in an action plan.

## **Part 2: Approval**

52. The final approval for participation in the CSA program is obtained when the Technical Commercial Client Unit (TCCU) testing is successfully completed and all other requirements have been met. The importer will then be requested to sign the Summary of Program Requirements letter which is an agreement between the CBSA and the importer. This document summarizes the CSA requirements thereby confirming the importer's obligations. The CBSA will complete the letter and post it to the importer's account in the CCP for signature. Once signed, the importer can upload the document to their account in the CCP.

## **Part 2: Denial**

53. Wherever possible, the CBSA will work with the importer to assist in meeting the CSA requirements. However, where it is evident that these requirements cannot be met, a decision may be made to deny the application. Importers who are not approved under Part 2 of the application are notified of the decision and of the reasons for decision through the CCP.

In some circumstances, the basis on which the Part 2 application was not approved may be subject to corrective action on the part of the importer. In these instances, the CBSA may negotiate an action plan with the importer in order to address any issues or concerns relating to the CSA program requirements. Upon implementation of the action plan and once the program requirements have been met, the importer may be reconsidered under Part 2. For additional information regarding action plans, please refer to paragraphs 238 to 241 below.

54. An importer whose Part 2 application has been denied may request a review of the decision by submitting a request via the CCP.

## **Transfer of CSA authorization**

55. CSA membership can only be transferred after a comprehensive review by the CBSA. The subsequent decision to approve or deny the request will be made at the exclusive discretion of the Agency. Any decision made is final and not subject to appeal. This decision will be communicated to the CSA importer by their assigned CBSA officer.

56. CSA applicants or members that have/will undergo corporate amalgamation or acquisition, will need to contact the CSA Program to have their new corporate structure

and program eligibility reviewed in order to be considered for continued participation in the CSA program.

## **Transition**

57. When the CSA importer obtains its CSA authorization, there will be transitional issues to be considered. These issues are summarized in [Appendix B: Transition](#). The CBSA officer can also provide additional information.

## **Updating importer information**

58. CSA importers are required to inform the CBSA of corporate changes that may impact upon their CSA authorization. Details regarding what changes are to be communicated to the CBSA and the timeframe within which they are to be communicated can be found in the Section 2 of this memorandum.

## **Section 2: Withdrawal, suspension, cancellation and appeals**

### **Withdrawal**

59. Importers wishing to withdraw their application to or participation from the CSA Sub-Program may do so at any time. To withdraw their application or participation from the CSA Sub-Program, importers will do so through the CCP. The importer will be required to provide a justification to the CBSA as to why they are disenrolling from the Sub-Program. The importer will then be notified through the CCP of the disenrollment from the CSA Sub-Program.

60. An application or CSA authorization that has been withdrawn will not be reinstated and a full reapplication will be required in order to be reconsidered for a CSA authorization.

### **Suspension**

61. The CBSA may suspend a CSA authorization of a CSA importer if:

- a) the importer fails to provide and maintain security in accordance with s. 11 of the AIGPDR

- b) the importer fails to maintain its books, records and business processes and the internal controls necessary to permit the Agency to determine if the importer is in compliance with the Act and its Regulations
- c) the importer fails to maintain its ability to electronically transmit to the Agency the required information that is submitted when accounting for goods released under subsection 32(2) of the Act and any adjustments to that information, in accordance with the technical requirements, specifications and procedures for EDI that are set out in the ECCRD
- d) the importer fails to notify the Minister of any change in the information described in Schedule 2 of the AIGPDR at least 30 days before they occur; and/or
- e) the importer fails to notify the Minister immediately of the following information:
  - i. any changes to the importer's name or corporate name, as the case may be, residence or business address, as the case may be, solvency or security;
  - ii. any changes to the ownership or organizational structure of the importer;
  - iii. the sale of all or part of the importer's business; and
  - iv. the importer is no longer able to electronically transmit to the Agency the required information that is submitted when accounting for goods released under subsection 32(2) of the Act and any adjustments to that information.
- f) the importer becomes insolvent
- g) the importer has imported goods that were released under paragraph 32(2)(b) of the Act that were not eligible goods or that were transported by carriers that did not hold a CSA authorization
- h) the importer has been convicted of an offence under the Act or its Regulations
- i) the importer has contravened program legislation as defined in section 2 of the *Canada Border Services Agency Act*
- j) the importer so requests

62. In deciding whether to suspend a CSA authorization, the following factors will be considered:

- a) the severity of the breach and whether or not it was rectified soon after it was discovered
- b) the economic impact of the suspension or the cancellation; and
- c) the security and safety of Canadians

63. Once a decision has been made to suspend a CSA authorization, the importer will be given notice of the decision and the reasons for the decision via the CCP if enrolled, or via mail if not enrolled in the CCP. The suspension is in effect on the date the notification is sent to the importer.

64. Suspension of a CSA authorization will result in an interruption of all program-related benefits including the use of the CSA clearance, access to FAST-dedicated

lanes, the CSA accounting option and revenue reporting and payment.

65. The importer will be given an opportunity to correct the matter that gave rise to the suspension within 30 days after the suspension has taken effect. If it is not possible for the importer to make the required correction within the 30 day period, the importer may make a written request within those 30 days for an extension of time, providing a justification for the extension request. In these instances, the CBSA officer may administer an action plan to formally document the matter giving rise to the suspension, recommend a resolution and follow-up until such situations are corrected. For additional information regarding action plans, please refer to paragraphs 238-241.

66. After the correction has been made, the CSA importer's authorization may be reinstated.

## **Cancellation**

67. The CBSA may cancel a CSA authorization of a CSA importer if:

- a) the authorization has been obtained on the basis of false or misleading information
- b) the importer is an individual and no longer resides in Canada or the US
- c) the importer is a partnership or other unincorporated organization, the member that has the management and control of the partnership or organization, or a majority of such members, and no longer resides in Canada or the US
- d) the importer is a corporation and the importer no longer has its head office in either Canada or the US or no longer operates a branch office of which the management and control is in Canada or the US
- e) the importer has a criminal record
- f) the importer is a debtor as defined in section 97.21 of the Act
- g) in the case of a CSA authorization that has been suspended, the importer has not corrected the matter that gave rise to the suspension within the established timeframes

68. In deciding whether to cancel a CSA authorization, the following factors will be considered:

- a) the severity of the breach and whether or not it was rectified soon after it was discovered
- b) the economic impact of the suspension or the cancellation; and
- c) the security and safety of Canadians

69. Once a decision has been made to cancel a CSA authorization, the importer will be given notice of the decision and the reasons for the decision via the CCP if enrolled, or

via mail if not enrolled in the CCP. The cancellation is in effect on the date the notification is sent to the importer.

70. Cancellation of a CSA authorization will result in a cessation of all program-related benefits including the use of CSA clearance, access to FAST-dedicated lanes and the CSA accounting option. If the importer's name appears on the [CSA approved importers list](#), it will be removed.

## Appeals

71. A member that disagrees with a cancellation decision by the CBSA may submit an appeal through the CCP within 30 days. The importer may request an extension to the time limit when submitting an appeal, by using the Request for Extension (RFE) form in the CCP. In order to be considered, the submissions must:

- a) be submitted within 30 business days from the effective date of the decision being appealed
- b) clearly state the importer's business name, mailing address and the reason(s) for appeal; and
- c) include any supporting documentation

The importer's 'cancelled' status will remain in effect throughout the duration of the appeal period. No further application processing or administration of the importer's file will occur until a decision has been rendered.

72. If an appeal to cancel a CSA authorization is allowed, then either the authorization will be reinstated, or the importer will be placed under suspension for a specified duration pending corrective action. Conversely, if an appeal to cancel a CSA authorization is denied, then the cancellation of the CSA authorization will remain in effect. For information relating to the effect of a cancellation of a CSA authorization, please refer to paragraph 70.

73. The CBSA will acknowledge receipt of the appeal within 15 days. Appeal decisions will be communicated within the following 60 days via the CCP if enrolled, or via mail if not enrolled in the CCP.

74. An appeal may be held in abeyance when the CBSA determines that more information is required to render a decision. The CBSA will notify the member when an appeal is placed in abeyance v pending receipt of the required information. The notification will be set via the CCP if enrolled, or via mail if not enrolled in the CCP.

75. The final appeal decision, which identifies the importer's potential next steps within the appeal process will be sent to the importer via the CCP.

## **Reapplication following denial or cancellation**

76. The CSA program reserves the right to specify reapplication timeframes on a case-by-case basis, and to disallow reapplication indefinitely when merited. Any restrictions on reapplication timeframes will be communicated to the client at the time of denial or cancellation.

## **Section 3: CSA clearance**

### **General overview of CSA clearance**

77. While the obligation to report goods under section 12 of the Act is not altered under the CSA program, the related specific reporting requirements are changed to support the streamlined CSA clearance process. Under CSA clearance, commercial goods are reported to the CBSA at the first point of arrival, where they may be "authorized for delivery" by the CBSA. The CSA-authorized carrier who reports goods to the CBSA for authorization to deliver is liable for the payment of duties and taxes, with this liability transferring to the importer when they are received at the importer's place of business, or delivered to the owner or consignee, including intermediary locations that have been designated by the importer. Release will occur at these locations and the release date will be the date the goods were received at these locations. The date of release/receipt is self-assessed and used to establish the accounting and payment periods for all goods imported by the importer. The CSA CAD submission process accounts for and assesses duties and taxes on commercial goods imported into Canada by a CSA importer. CADs are submitted for the purposes of accounting.

78. Where commercial goods are reported to the CBSA for authorization to deliver under the CSA clearance process the following conditions apply:

- a) The goods must be eligible for CSA clearance
- b) The importer is authorized under CSA
- c) The carrier is authorized under CSA
- d) Where the goods are transported into Canada in highway mode, the driver is authorized under CDRP or FAST

79. Under CSA clearance, the CSA carrier typically provides the following CSA data elements at the port of entry which are electronically verified by the CBSA at the Primary Inspection Line (PIL):

- a) the BN15 of the CSA importer in bar-code format
- b) the carrier code of the CSA carrier in bar-code format; and
- c) the driver's CDRP card or FAST card (for highway mode)

Note: Where this information is valid, the carrier may be authorized to deliver the CSA shipment.

80. Detailed information concerning the transportation and reporting of goods using CSA clearance is provided in [Memorandum D23-2-1: Customs Self-Assessment Program for Carriers](#).

### **CSA-eligible goods**

81. In the interests of health, safety and security, not all goods imported by a CSA importer are entitled to CSA clearance. CSA-eligible goods are defined under section 2 of the AIGPDR as:

“...commercial goods that have been shipped directly from the US or Mexico and for which there is no requirement under any act of Parliament or of the legislature of a province or any regulation made under such an Act that a permit, license or other similar document be provided to the Agency before the goods are released.”

82. CSA-eligible goods also qualify for access to the FAST dedicated lanes provided that both the importer and carrier are either members of PIP or both the CSA and PIP programs, and that the driver is FAST or CDRP-approved.

It is critical for importers to establish routine communication with their shippers and vendors to identify which products are eligible for CSA clearance. These instructions could be a standard part of foreign purchase agreements and contracts, or on a per shipment basis.

83. In turn, it is recommended that shippers and vendors relay this information to the carrier and driver to confirm which shipments qualify for CSA clearance.

84. CSA-eligible goods exclude goods that are a prohibited, controlled or regulated import into Canada, in accordance with the provisions of an act of Parliament or of the legislature of a province, as well as the regulations made in accordance with any Act that prohibits, controls or regulates their importation, i.e. subject to regulation by OGDs.

85. While most OGD requirements must generally be met before the release of goods, the importer may enter into an agreement with an OGD that allows the importer to provide OGD requirements after importation. Where the CSA importer has made such an agreement, the related goods may qualify for CSA clearance. To obtain more information, importers should contact their CBSA officer.

## **Place of shipment**

86. To be eligible for CSA clearance, goods must be shipped directly to Canada from within the US or Mexico as noted on the carrier's through bill of lading. For purposes of determining the eligibility of goods for CSA clearance, the "United States" means the 50 states of the United States, the District of Columbia and Puerto Rico.

87. Goods that enter a US FTZ are also eligible for CSA clearance as long as the goods coming from offshore, have either been stored (in the same condition) or processed in a FTZ. However, goods that simply transit through and are neither held in storage nor have further processing are not eligible for CSA clearance.

## **Authorized to deliver**

88. Under CSA clearance, commercial goods are reported to the CBSA at the first point of arrival, where they may be "authorized for delivery" by the CBSA. A CSA clearance is used to request the "authority to deliver" eligible commercial goods that are imported by an importer who is authorized under the CSA program and are released at the place of business of the importer, owner or consignee of the goods. It is derived from the release prior to accounting provision under paragraph 32(2)(b) of the Act:

(2) In prescribed circumstances and under prescribed conditions, goods may be released prior to the accounting required under subsection (1) if

(b) the goods have been authorized by an officer or by any prescribed means for delivery to, and have been received at, the place of business of the importer, owner or consignee of the goods.

Intermediary locations, as designated by the CSA-approved importer, constitute a consignee. Release will occur at these locations and the release date will be the date the goods were received at the intermediary location.

## Meaning of CSA “release”

89. In the context of a CSA clearance, under section 2 of the Act “release” means;

“(b) in respect of goods to which paragraph 32(2) (b) applies, to receive the goods at the place of business of the importer, owner or consignee;”

This meaning applies to eligible goods that are authorized for delivery to, and have been received at, the place of business of the importer, owner or consignee. Thus, release occurs on the date received.

## Interim accounting not required

90. Under CSA clearance, interim accounting is not required. The accounting for goods imported by the CSA importer occurs after the goods are received at the place of business of the importer, owner or consignee. Therefore, the CSA importer is not required to provide a Form CI1, *Canada Customs Invoice*, or commercial invoice, or CAD referred to in [Memorandum D1-4-1: CBSA Invoice Requirements](#), for clearance or final accounting, except when requested by a border services officer.

## Carrier liability

91. Where goods are reported under CSA clearance for authority to deliver, the carrier is liable for duties and taxes until the goods are received at the place of business of the importer, owner or consignee, or otherwise discharged under the provisions of subsection 20(2.1) of the Act. Once the goods are received at the place of business of the importer, owner or consignee, liability transfers to the importer and the reporting carrier must ensure that proof of receipt is obtained and kept on hand for CBSA verification.

## CSA clearance options

92. The service options available to report eligible goods under CSA clearance are:

Clearance service option	Service option number
CSA highway paper	00497

CSA non-highway paper	00521
CSA EDI highway cargo	00984
CSA EDI LTL conveyance	00976
CSA EDI rail	00505
CSA EDI	00513
CSA EDI highway release	00612

## **Mandatory harmonized system codes (HS code)**

93. CSA importers are generally exempted from the requirement of reporting mandatory HS code, regardless of the clearance option that is used to report imported goods (i.e. CSA or non-CSA clearance). However, where the goods are reported under an electronic service option of OGD, CSA importers are required to provide the HS code.

## **Border verification**

94. The CBSA continues to reserve the right to examine shipments and conveyances that enter Canada. Occasionally, the CBSA may refer a CSA shipment for verification activities such as:

- contraband examination
- cab check
- documentation review; and/or
- random examinations

## **Documentation review**

95. Where goods are reported for a CSA clearance, the report is made at the first port of entry into Canada and requires only the presentation of the driver's CDRP or FAST driver card, and specific bar codes to identify the CSA-approved carrier and importer. Documentation reviews may be performed by the CBSA before CSA goods are authorized for delivery to verify the eligibility of the goods reported under a CSA clearance option. A documentation review is intended to verify whether the goods reported under the CSA program are prohibited, controlled or regulated, whether the goods were shipped to Canada from the US or from Mexico, whether the goods are imported by an approved importer and are destined for an approved consignee location. Although the carrier is required to have the required commercial documents

on hand (e.g. bill of lading, pro-bill), no documentation is presented to the CBSA at the time of report, unless requested by a CBSA officer.

## **Section 4: Accounting**

96. Under the CSA program, the requirement of sections 32 and 33 of the Act to account for and pay duties on imported goods is unchanged. For clarity, accounting refers to the submission of the CAD. Where an authorized CSA importer imports commercial goods, the following accounting processes change:

- a) goods authorized for delivery, as described in paragraph 32(2) (b) of the Act, are released before final accounting without the requirement for interim accounting
- b) the CSA importer is responsible for initiating the accounting of all imported goods from the importer's own business systems (the importer's accounting trigger)
- c) the time frame within which accounting for goods is due is extended beyond the normal five-day period; and
- d) some CAD accounting information may be consolidated

97. All commercial goods imported into Canada by a CSA importer are subject to CSA post-importation processes, such as extended accounting time frames, payment to a financial institution and automated adjustment, regardless of the clearance option used to report the goods to the CBSA.

98. A fundamental feature of the CSA program is that release records reported under the BN15 of the CSA importer and captured in ACROSS do not require a matching acquittal in CARM. The acquittal of a clearance transaction with an accounting transaction does not occur because:

- a) every release transaction, regardless of the service option used to clear the goods, is automatically acquitted in ACROSS, based on the CSA-approved BN15
- b) transaction number is not required when using CSA clearance
- c) importers identify from their business systems, after goods are received, that accounting is required; and
- d) importers are responsible for adhering to accounting due dates, according to their selected CSA accounting option

### **Accounting trigger**

99. The term “accounting trigger” refers to the method used by a CSA importer to identify that accounting to the CBSA and payment of applicable duties and taxes are required. For example, non-CSA importers are generally told by the CBSA that goods have been released. This is the “trigger” that initiates the process for accounting and payment. However as the CBSA does not inform the CSA importer, accounting must be triggered from the importer’s own business systems when imported goods are entered into the importer’s books and records.

100. The recommended method for CSA importers to trigger accounting is the reconciliation process used in business to authorize payment. Generally, payment is not authorized until the corresponding purchase order, receiving report and vendor’s commercial invoice are compared to verify which goods were received, the vendor’s identity, the price payable and the quantity received. A match of the details from these three files, with appropriate adjustments and allowances, results in the transaction being ready for payment.

101. Transmission of CAD accounting data by the CSA importer is expected to occur when the three-way match of the goods, the quantity received and the invoice value have been reconciled. The accounting time frames are extended for goods imported by a CSA importer to allow for this internal reconciliation process. Where a three-way match does not occur before accounting is due, a similar process, such as a two-way match of the purchase order and the receiving record, may be used; and adjustment filed, if required, when the invoice is received.

## **Systems sweep**

102. The business reconciliation process models a typical method from which accounting to the CBSA can be triggered. However, two considerations affect the reliability of this trigger:

- a) Some importations could fall outside the reconciliation process, such as:
  - i. unsolicited shipments sent to the business without its prior knowledge
  - ii. no-charge goods for which payment is not expected
  - iii. delayed payment due to disputes with the vendor
  - iv. goods on consignment
  - v. goods shipped directly to a third party in Canada
  - vi. adjustments to the price paid or payable, or the result of overages, shortages or damages
  - vii. Canadian goods returned
  - viii. temporary importations
  - ix. low-value shipments
  - x. courier shipments

- xi. goods placed in a bonded warehouse, etc.
  - b) The reconciliation process that results in the three-way match is not completed until after the accounting due date.

103. CSA importers need to examine their systems and processes to ensure that all importations are accounted for to the CBSA in the required time period. A systems sweep should be developed for importers to identify unmatched orders, receipts, invoices and importations that could fall outside the reconciliation process. In performing the sweep, importers should also ensure that all the goods that have been imported have been accounted for and potential adjustments have been identified to the CBSA.

### **CSA release date**

104. Under the CSA program, accounting and payment periods are determined by the release date. The meaning of release under section 2 of the Act in respect of goods to which paragraph 32(2) (b) applies, to receive the goods at the place of business of the importer, owner or consignee.

105. The date of release/receipt is used to establish the accounting and payment periods for all goods imported by the CSA importer. Goods not eligible for CSA clearance must be reported to the CBSA for a “release” decision, at which time liability for duties on the goods is transferred from the carrier to the importer. Goods eligible for CSA clearance are reported to the CBSA for an “authorization for delivery” to the place of business of the importer, owner or consignee; and when the goods are received, liability for duties on the goods is transferred from the carrier to the importer.

106. A key requirement for CSA importers is to ensure that their business systems can record and track the date on which imported goods are received. In addition, the date of release/receipt identified by importers from their business systems must not be later than the date that the imported goods are physically received at the place of business of the importer, owner or consignee.

### **Alternative release date**

107. In some situations, such as goods shipped directly from the vendor to a Canadian consignee (direct shipment), the CSA importer may not know the date of physical receipt at the consignee’s place of business. To resolve such a situation, the importer may select an alternative date to identify the date of release. For example, if goods shipped directly by a specific vendor to a consignee in Canada are typically released by the CBSA four days after shipment, then the release date could be

calculated as the shipping date plus four. In this example, if the vendor ships goods on April 25 the alternative release date calculated by the importer will be April 25 + 4 = **April 29** (April 25 plus 4 days, meaning April 29).

Note: The release date cannot be later than the transmission date of the CAD.

108. The calculation and rationale of receipt date and/or alternative release date must be submitted by the importer with Part 2 of the CSA application and be approved by the CBSA. Given that the number of days between shipping and typical CBSA release could vary for different vendor-consignee contracts, the importer may have to provide a rationale for more than one receipt date or alternative release date for the CSA.

109. The release/receipt date applied to goods imported by the CSA importer is to mirror the date of a CBSA release decision.

110. The date of release/receipt or alternative date of release, identified by the CSA importer is the date used to determine the time frames for accounting to the CBSA and is transmitted by importers to the CBSA as the release date on their CAD. Where importers choose to consolidate their accounting, the time frames for accounting to the CBSA will be based on the earliest release/receipt date in the consolidation.

## **Accounting and payment**

111. "Accounting" is different from "payment". Accounting is the provision of CAD data. The accounting options under the CSA Program define the accounting time frames.

### **CSA accounting options: High value shipments (HVS) and low value shipments (LVS)**

112. In the CSA environment, importers must account for all commercial goods with the CBSA within one of the two accounting time frames, regardless of the CSA clearance or release option that was used to report the goods. The accounting option chosen will apply to both high value shipments and low value shipments. The accounting option chosen will also apply to both goods eligible for CSA clearance and goods not eligible for CSA clearance. A table comparing the similarities and differences of the two CSA accounting options and the accounting requirements of a non-CSA importer is provided in [Appendix C: CSA accounting options](#) of this memorandum. The CSA accounting options are:

- a) **Option 1:** Accounting for goods released/received in a calendar month is due by the payment due date (10 weekdays after the 17th of the following month).
- b) **Option 2:** Goods released/received between the 18th of one month and the 17th of the second month must be accounted for by the payment due date (10 weekdays after the 17th of the second month).

**Note:** Goods cannot be accounted for before the date of release/receipt.

113. CSA importers must select one of the two accounting options before their CSA start date and must not change the selected option during their participation in the CSA program.

114. If accounting is submitted after the payment due date, a zero-rated warning for Late Accounting Penalty is applied. The payment due date is 10 weekdays from the 17th of Month regardless of the billing cycle option chosen. The ability to submit and view CADs, notifications, and Statement of Adjustments is governed by Delegation of Authority, and is limited to those with the appropriate delegations to the importer's account.

115. When a CSA importer imports non-CSA goods, does not have a CSA carrier/registered driver, or chooses not to use the CSA clearance option, they must provide a release document (i.e. they are not clearing on three bar codes). However, CSA importers may account for both CSA and non-CSA goods and for multiple shipments (according to the consolidation rules outlined in policy) with one CAD, if they choose. Details on requirements and consolidation options can be found in Chapter 26 Section 14.2 *Submissions* of the ECCRD.

### **Late accounting**

116. In accordance with section 109.1 of the Act, where the importer fails to transmit accepted accounting data within the prescribed time limits, a late accounting penalty may apply. CSA importers are required to account for imported goods within the time limits of the CSA accounting option they select, or late accounting penalties may be assessed. If the submission or acceptance of CAD occurs after the payment due date, a zero-rated warning for Late Accounting Penalty is applied when the CAD is accepted in the CARM system. A monetary Late Accounting Penalty will be issued if the CSA importer failed to maintain a minimum compliance level of 95% for the accounting of released goods in the prescribed manner or time, on a calendar year basis.

### **How to identify if CSA accounting is late**

117. When an error-free accounting transmission is received by the CARM system, an outbound message regarding the results of the process is transmitted to the sender via EDI. This includes any applicable duties, taxes, and penalties resulting from the CAD transmission.

118. The importer is also notified of instances of late accounting by the issuance of a Notice of Penalty Assessment (NPA), from the AMPS and sent to TCPs through the CCP.

119. Late accounting for goods imported by the CSA importer is determined by the accounting option they have selected.

### **CSA late accounting penalties**

120. There are two late accounting penalties that may apply to the CSA importer: AMP C244 and C246.

121. AMP C244 is a zero-rated warning penalty that is used to monitor the total number of late HVS CADs that occurred in a calendar year (January 1 to December 31). This penalty is generated by the system each time a HVS transaction is late. AMP C244 allows the CBSA and the CSA importer to calculate the compliance rate in the calendar year. Should the CSA importer fail to maintain a minimum compliance level of 95% in accounting for released goods in the prescribed manner or within the prescribed or time limit in a calendar year, the importer will be assessed AMP C246.

122. AMP C246 is assessed for each HVS late transaction below the minimum compliance level of 95%, at the rate of \$100 CAD per transaction. The transactions are monitored and the AMP is manually calculated by the importer's assigned CBSA officer.

### **Records**

123. The CSA importer is required to keep all records related to the commercial goods released/received for a period of six years (plus current) following importation of the goods, including information about:

- a) the description of the goods and quantities received
- b) accounting to the CBSA for the goods
- c) records relating to the payment of duties and taxes
- d) the payment for the goods to the vendor, including credits and adjustments

- e) records relating to adjustments made to CAD
- f) the sale or disposal of the goods in Canada
- g) refund, drawback or re-determination; and
- h) a list of vendors and consignees

## **CSA CAD information**

124. CAD information continues to be submitted to the CBSA by the authorized CSA importer. However, there are some changes to the accounting process under the CSA Program, for example:

- a) accounting transactions in CARM are not matched to acquit release records in ACROSS
- b) CAD information may be consolidated by certain fields; and
- c) supporting documentation submitted at the time of accounting is reduced

## **Transaction number**

125. There is no link between ACROSS release records and CARM for a CSA importer's goods. Release and clearance decisions concerning commercial goods reported under the BN15 of an approved CSA importer are automatically acquitted in ACROSS. The system does not require a matching accounting transaction through CARM.

126. Where a transaction number is required, it cannot be duplicated for seven years and three months.

127. Since the systems acquittal of clearance records with accounting transmissions is not required, the CSA importer must maintain appropriate audit trails between imported goods released/received and accounted for. Failure of the CSA importer to maintain the required audit trails may result in the assessment of a penalty.

## **CAD coding changes**

128. Coding of the CAD fields is unchanged for CSA, except for:

### **Field 4, Office Number**

Under the CSA, there is no requirement to submit individual headers by the CBSA office of release. The CSA importer designates a control port number during the registration process. The number must be a valid CBSA port number.

### **Field 45, Cargo Control Number (CCN)**

CSA importers may transmit the actual cargo control number or default code "2CSA1".

CSA importers continue to use all existing CAD entry types to report accounting data to the CBSA. CAD entry type is only used for CSA importers.

129. When transmitting a multiple-line CAD, the CSA importer does not have to provide a cross-reference between the invoice and the CAD line with the XML message format via EDI accounting transmission.

### **Statistics Canada data elements**

130. Where the importer uses CSA clearance, a cargo control document is not required for the report of goods. Therefore, information such as the elements listed below may not be readily available to the CSA importer for the accounting of the goods. Collection of this data, however, remains a requirement to sustain Canada's obligation under a Memorandum of Understanding with the US Census Bureau.

131. TCPs can account for goods imported through the CSA stream on a TT-Type CAD submission. Under the CSA program, TCPs may choose to consolidate CAD data or transmit on a shipment-by-shipment basis. Regardless of the submission method selected, the following CSA specific rules apply for CAD submissions, per policy:

- a) For shipment-by-shipment CAD submissions, the CBSA Release Date field may be populated with the actual CBSA release date, the date the goods are physically received by the importer, owner or direct ship consignee, or with a calculated estimate (pre-approved by the CBSA)
- b) Fields at the CAD Invoice level may be populated with actual data or default values as provided in *Message Implementation Guide (MIG)*
- c) The CBSA Office Code field must be populated with the importer's designated CBSA port number
- d) CSA importers may transmit the actual cargo control number or default code "2CSA1"
- e) CSA importers may transmit actual data or input data based on historical trends for the following fields:
  - i. US port of exit
  - ii. Carrier code (at importation)
  - iii. Freight charges
  - iv. Gross weight in kilograms
  - v. Mode of transport

vi. Port of unloading

## Consolidated CAD

132. For goods imported through the CSA stream, the Importer or their Customs Broker may consolidate multiple shipments into single CAD lines, excluding shipments with SIMA implication. For shipments subject to tariff rate quota, it is in the importer's best interest to transmit these entries on a shipment-by-shipment basis and as soon as possible to ensure the 'within access commitment rate' can be used. A consolidated CAD under the CSA program must be submitted according to the following conditions:

- a) Goods must be imported within the same accounting period
- b) At the CAD Header level, Importer BN and CAD Type fields must be the same or a new CAD is required
- c) At the CAD Invoice level, the Vendor (Vendor field) must be the same or a new invoice is required.
- d) At the CAD Line Level, commodity details must be the same or a new line is required. Key fields include:
  - i. Classification number
  - ii. Classification description
  - iii. Country of origin
  - iv. Place of export
  - v. Value for duty code
- e) For consolidated CAD submissions, the earliest, or first, date of release must be reported in the CBSA Release Date field of the CAD
  - i. For commodities subject to seasonal rates of duty, it is in the importer's best interest to submit on a shipment-by-shipment basis with separate CADs, unless the higher rate of applicable duty is used for the entire consolidated CAD
- f) If the consolidation includes multiple direct shipment dates, commodity lines may be consolidated by converting values to Canadian dollars, using the exchange rate applicable on each date of individual dates of direct shipment. Calculations are to be made available to the CBSA upon request. The earliest date of direct shipment within the consolidation period must be reported in the Direct shipment date field of the consolidated CAD
- g) If you are transmitting in a currency other than Canadian dollars, and there are multiple dates of direct shipment, a new invoice line or a new commodity line item with each date of direct shipment must be provided

133. Although the option to consolidate CAD data is available to CSA importers, they are not obligated to do this, and may continue to transmit on a shipment-by-shipment

basis, for example, for importations of goods that are subject to “within access” commitment tariff items.

## Changing the CSA business number

134. Where an incorrect BN15 is used to clear commercial goods and final accounting has not yet been accepted, the importer/broker is to request the BN change by submitting [Form A48, R.M.D. Correction](#), to the office of release. In addition, the acquittal status of the transaction must be updated in ACROSS as follows:

- a) If the incorrect BN was non-CSA and the BN should be CSA, the CSA importer or agent must also request, on the A48, that once the BN is changed, another release decision is made in ACROSS. Otherwise, the CSA release transaction will be incorrectly reported as overdue.
- b) If the incorrect BN was CSA and the BN should be non-CSA, ACROSS will have automatically acquitted the incorrect transaction. As a result, the acquittal information must be removed before the change to the non-CSA BN can take place. Where the incorrect BN has also been used for final accounting, refer to [Memorandum D17-2-3: Importer Name/Account Number or Business Number Changes](#).

## Documentation upon request

135. A feature of the CSA program is to minimize requirements related to supporting documentation for reporting, accounting and adjustment of imported goods, except when requested by a CBSA officer. As discussed in [Section 2: Withdrawal, suspension, cancellation and appeals](#) of this memorandum, the carrier may report goods for authorization to deliver by simply providing the required bar-code information. Further, given that the CSA importer is not required to provide interim accounting, the reporting and accounting for goods that are authorized for delivery could be paperless. Bar codes are presented to effect authorization for delivery, and subsequently a CAD is transmitted via EDI to account for the goods.

136. The CSA importer is not required to provide invoice information as described in [Memorandum D1-4-1: CBSA Invoice Requirements](#), but must do so on the request of a CBSA officer. An AMP may be assessed when the importer fails to provide information requested by a CBSA officer. While the requirement to submit supporting documentation for report, accounting or adjustment is reduced, the CSA importer must have audit trails between source documents, the accounting for goods, adjustments to original accounting information and revenue amounts.

## **Role of the agent**

137. A broker or agent may transact business with the CBSA on behalf of an importer or owner, provided that the broker/agent has been authorized to do so. Additional information concerning the authority to act as an agent is provided in [Memorandum D1-6-1: Authority to Act as Agent](#).

138. In the CSA environment, although it is the responsibility of the CSA importer to identify the requirement for accounting of imported goods to trigger accounting, the importer may appoint a broker/agent to complete and transmit the related accounting CAD information to the CBSA. Further, where such services are offered, a broker/agent may be appointed on behalf of the CSA importer to prepare and transmit adjustments to CAD. The CSA importer may also use a broker/agent to prepare and submit documents required at the time of report, for example, when a non-CSA service option is used (e.g. Pre-Arrival Release System (PARS) or RMD).

## **Account security**

139. Shipments imported into Canada by a CSA importer are subject to the security provisions described in section 35 of the Act for release before payment privileges.

140. Where goods are released before payment under the provision of paragraph 32(2) (b) of the Act and authorized for delivery, the CSA importer becomes liable for payment of duties when the goods are received at the place of business of the CSA importer, owner or consignee.

141. The CSA importer pledges security on Part 2 of the application. The pledged account security number may be changed only in consultation with the CBSA.

## **Section 5: Revenue reporting**

### **Interest**

142. In most situations, interest payable to, or owed by, the CSA importer under provisions of the *Customs Act*, *Customs Tariff*, *Special Import Measures Act* (SIMA) and regulations made under those acts, is calculated by CARM. Situations where interest may apply include late transaction payment interest and interest on adjustments. Generally, interest is payable beginning the first day after the person becomes liable to pay the amount and ends on the day the amount is paid in full. For

information about the application and calculation of interest, refer to the following memoranda:

- [Memorandum D11-6-5: Interest and Penalty Provisions: Determinations/Re-determinations, Appraisals/Re-appraisals, and Duty Relief](#)
- [Memorandum D14-1-3: Re-determinations and Appeals Under the Special Import Measures Act](#)
- [Memorandum D17-1-5: Registration, Accounting and Payment for Commercial Goods](#)

Interest is calculated on a compounded daily basis. There are two interest rates applied in accordance with the *Customs Act* and the *Customs Tariff*, depending on the nature of the situation:

- a) Prescribed rate: The average annual rate of interest on 90-day Treasury bills in the first month of the preceding quarter.
- b) Specified rate: The sum of the prescribed rate plus six percent per year.

Visit this site for the [current interest rates](#).

143. Interest resulting from the underpayment of a payment or a late transaction payment are calculated at the specified rate. Interest on adjustments is calculated at the prescribed rate.

### **Interest on adjustments to CAD**

144. The CARM system posts the updated duties and taxes. If an adjustment results in an amount owing to the CBSA, interest will be calculated and added to the amount. This includes interest related to self-adjustments, re-determinations, further re-determinations, and duties relief provisions.

### **Interest on pre-CARM adjustments**

145. A pre-CARM adjustment is subject to a number of exceptions under the CSA program. CSA clients will request changes by submitting an "As Adjusted" CAD, using the Replace Entire Line Method or Net Change Method. CSA clients may also adjust a single pre-CARM B3-3 Declaration or adjust multiple B3-3 Declarations on an "As Adjusted" CAD.

Regardless of the submission method selected, additional considerations specific to CSA include:

- a) CSA clients must submit on a TT-Type CAD
- b) CSA clients will self assess interest amounts, in addition to any refunds, duties or taxes owing to the CBSA as per policy

146. Section 80 of the Act stipulates that interest granted as the result of a refund applies only on the 91st day after the day an application for the refund is received by the CBSA.

### **Late payment interest amounts**

147. In accordance with subsection 33.4(1) of the Act, late-payment interest is payable when duties and taxes are not paid by the due date. Late-payment interest will be automatically calculated by the CBSA.

148. The amount of late-payment interest is calculated using the specified rate, on the amount of the outstanding balance, for the period beginning on the date after payment was due to the date payment is made. The date of payment is identified by the date on which the importer's designated financial institution received the related payment.

149. The due date for payment of duties and taxes by the CSA importer is determined by the date the imported goods are released/received at the place of business of the importer, owner or consignee.

### **Waiver of interest**

150. In the following circumstances, the interest amount related to goods imported by the CSA importer may be waived.

For adjustments, interest is waived when interest on the duties, taxes and penalties is less than CAD\$5.

Note: All calculations that relate to the interest amount must be made to determine if the waiver applies. The importer is to retain records to support the calculation.

### **Payments at financial Institution prior to due date**

151. The payment must be paid at a financial institution 10 weekdays after the 17<sup>th</sup> of month two. Where CSA importers might incur additional interest charges on amounts owing they may make supplementary payments at their financial institution. Payment amounts and their respective due dates are outlined in statements and invoices that are posted to TCP accounts. Payments collected are recorded in CARM and reflected on the TCP's account via the transaction history and account balance.

152. Payments are generally made towards the TCP's account balance. Once the payment is made, the TCP has two (2) options:

- a) Leave the payment on the account and allow for automatic clearing to occur; or
- b) Use the payment credit to clear a specific transaction via the Apply Credits as Payments page on the CCP

## **Remittance at a financial institution**

153. Under the CSA program, revenue amounts owing to or by the CSA importer are payable and remitted at a financial institution. The date of remittance at the financial institution is the duty-paid date for the goods. The financial institutions where the amount payable may be paid are described in section 3.5 of the Act, which provides authorization for payment at:

- a) a bank
- b) a credit union
- c) a corporation authorized by an act of Parliament or of the legislature of a province to carry on the business of offering its services as a trust to the public; or
- d) a corporation authorized by an act of Parliament or of the legislature of a province to accept deposits from the public and that carries on the business of lending money on the security of real property or immovables or of investing in mortgages or hypothecary claims on immovables

TCPs have the option to use five (5) payment methods. The following table outlines the methods available.

Note: The CARM Solution does not accept cash, certified cheques/banks drafts, or bank remittances as payment methods.

## **Payment options available to TCPs via CARM**

**Table 1: Payment options available to TCPs via CARM**

Payment channel	Payment method	The maximum amount in Canadian dollars	CBSA approved bank required
<b>Electronic payment</b>	Online via CCP (credit card and interac)	\$5,000 for credit card \$100,000 for Interac	Not available
	Online banking	Unlimited	Yes
	Electronic Data Interchange (EDI)	Unlimited	Yes
	Pre-authorized debt (PAD) (One-time and on-going)	\$100,000,000	Yes
<b>Point of sale (POS) payment</b>	Credit or debit	\$5,000 <sup>1</sup>	Not available

<sup>1</sup>Note: Debit limits are subject to the limits imposed by the cardholder's financial institution and can differ from the limit noted in this document

## CSA accounting and payment periods

154. The following are the accounting and payment periods for a CSA importer:

- a) **Statements of account (SOA)** are generated by the CBSA, which summarizes transactions for the period, including payments made, interest owing, credits on account, and disbursement. SOAs are generated on the 25th day of each month.
- b) **Accounting period:** The accounting period selected by the CSA importer establishes when the accounting for imported goods is due. Where accounting is late, a late-accounting penalty applies.

- Option 1: Accounting for goods released/received in a calendar month is due by the payment due date (10 weekdays after the 17th of the following month).
  - Option 2: Goods released/received between the 18th of one month and the 17th of the second month must be accounted for by the payment due date (10 weekdays after the 17th of the second month).
- c) **Payment period:** The payment due date is ten (10) weekdays from the 17th of month two (2) regardless of the accounting option chosen.
- d) **Remittance at a financial institution:** Where the payment is not made at a financial institution, a penalty applies for failure to remit directly at a financial institution.

## Section 6: General process, corrections and adjustments

### CSA submission

155. The CSA CAD submission process accounts for and assesses duties and taxes on commercial goods imported into Canada by a CSA importer. CADs are submitted for the purposes of accounting. The date of release/receipt is self-assessed and used to establish the accounting and payment periods for all goods imported by the importer.

156. The ability to submit and view CADs, notifications, and Statement of Adjustments is governed by Delegation of Authority, and is limited to those with the appropriate delegations to access the Importer's account.

### Submission of a CSA CAD

157. The CSA importer or their authorized representative completes the CAD and transmits it via EDI. CSA importers may account for both CSA and non-CSA goods and for multiple shipments (according to the consolidation rules outlined in policy) with one CAD, if they choose. Details on requirements and consolidation options can be found in Chapter 26 Section 14.2 Submissions of the ECCRD.

158. If the submission passes validation, the CAD is accepted and stored in the CARM system for duties, taxes, and interest calculation (if applicable).

159. If the submission or acceptance occurs after the payment due date, a Late Accounting Penalty is applied when the CAD is accepted into the CARM system.

160. All information associated with the CAD submission is used to calculate duties and taxes, which is posted to the CSA importer's account.

161. The outbound message regarding the results of the process is transmitted to the sender via EDI. This includes any applicable duties, taxes, and penalties resulting from the CAD transmission. The CAD is also viewable on the CCP, which is accessible by the Importer and their authorized representatives with delegated authority.

## **Rejection of CAD**

162. Upon submission of the CAD, the transmitting party receives an outbound message rejecting the CAD transmission. The CSA importer or their authorized representative is asked to update the CAD based on error messages communicated via EDI. Sample error messages can be found in Chapter 26 Appendix B MIG CAD Examples of the ECCRD.

163. The importer or their authorized representative updates the CAD based on error messages communicated to the client via EDI. Requirements and information specific to CSA corrections and adjustments can be found in Chapter 26 Section 14.3 CSA Corrections and Adjustments of the ECCRD. Additional considerations, limitations, and requirements for line additions and voiding are found in Chapter 26 Sections 8.2 Considerations and Limitations and 8.3 Line Additions and Voiding of the ECCRD.

164. To re-submit CAD, the importer or their authorized representative transmits the CAD via EDI. The updated version of the CAD is re-validated.

## **Corrections and adjustments**

165. Corrections and adjustments to CADs via EDI provide CSA importers the ability to request a change to information on a CAD for specified reasons including but not limited to responding to a CBSA compliance verification and self-identified corrections. Changes to CAD information can be transmitted following initial CAD acceptance. These changes may result in positive, negative, or neutral changes to the duties and taxes on the goods imported into Canada, which may also result in the calculation of interest either owed to the TCP or owed to the Crown.

166. The system determines if a change is a correction or an adjustment based on the payment date determined in the original CAD submission, noting;

- All changes will be considered corrections between the initial acceptance of the CAD and 11:59:59 pm ET on the payment due date according to CARM system time.
- All changes will be considered adjustments to the final version of the CAD on file at 12:00:00 am ET on the day after the payment due date according to CARM system time.

167. Corrections can be submitted by the CSA importer or their authorized representative, and adjustments can be submitted by the CSA importer, authorized Customs Broker, or authorized Third Party representatives (i.e. Trade Consultants).

168. Adjustment results are captured on the Statement of Adjustment, which provides information on previous and adjusted transactional details, the change in total duties and/or taxes assessed (if applicable), and the legislative authority supporting the change. If there is a change in the total duties and/or taxes assessed, the net change (i.e. credit or debit) of any adjustments are also provided on the DN.

169. CBSA-initiated CAD changes will create a new CAD version and clients will be notified via the CCP through a Statement of Adjustment. The ability to submit and view CADs, notifications, and Statement of Adjustments is governed by Delegation of Authority, and is limited to those with the appropriate delegations to the Importer's account.

170. Changes to a CAD are subject to the same considerations and limitations as described in Chapter 26 Section 8.0 Corrections and Adjustments of the ECCRD. The transmission of a change requires the transmission of the entire CAD with Function 4 as described in Chapter 26 Section 2.1.1 Message Functions of the ECCRD. Changes may be applied to fields at the declaration, invoice, and commodity level. All changes require the submission of a Reason Code and may include supporting remarks. A maximum of three (3) Legislative changes may be applied to a single CAD change transmission. This maximum applies to the CAD at the document level, irrespective of the number of lines being changed; however, this does not mean an importer can change a maximum of three lines. As long as the legislative changes apply to all changes being made, there is no maximum to the number of lines that can be changed in a single submission. The maximum of three (3) legislative authorities applies to a single adjustment request/submission, therefore previous changes do not influence the current submission limitations. However, if a field governed by a legislative authority is being changed more than once, the Importer or authorized representative may be required to submit an appeal of the previous Statement of Adjustment to change the value again.

171. More information on the requirements for submitting a correction or adjustment, adding or voiding an invoice line, field-level formatting, and rules can be found in

Chapter 26 Sections 8.2 Considerations and Limitations and 8.3 Line Additions and Voiding of the ECCRD. Specific information captured on CSA corrections and adjustments CADs is found in Chapter 26 Section 14.3 CSA Corrections and Adjustments of the ECCRD.

### **Submit change(s) to CAD via EDI**

172. The CSA importer or their authorized representative modifies the information on a submitted CAD to reflect the changes in information. They then transmit the CAD via EDI. Requirements and information specific to CSA corrections and adjustments can be found in Chapter 26 Section 14.3 CSA Corrections and Adjustments of the ECCRD. Additional considerations, limitations, and requirements for line additions and voiding are found in Chapter 26 Sections 8.2 Considerations and Limitations and 8.3 Line Additions and Voiding of the ECCRD. Supporting documentation must be made available to the CBSA upon request.

173. The CARM system validates the CAD received via EDI and automatically determines if it is a correction or adjustment based on whether it is prior to/on or post the payment due date. The system validates that the information is in the correct format and performs additional validation based on CBSA business rules/legislative requirements.

174. If the submission does not pass validation, the CAD is rejected and an error message is provided in the CAD response message. If rejected, the CAD is not stored in the CARM system.

175. If the submission passes validation, the CAD is accepted and stored in the CARM system for duties, taxes, and interest calculation (if applicable).

176. The CARM system posts the updated duties and taxes if the change incurs accounts payable or receivable resulting from changes to a CAD. If an adjustment results in an amount owing to the CBSA, interest will be calculated and added to the amount. If the adjustment results in a refund to the Importer, and the CBSA does not issue a Statement of Adjustment within the 90 day limit, the system will calculate interest beginning the 91st day after the claim was successfully accepted.

177. The outbound message regarding the results of the process is transmitted to the sender via EDI. This includes any applicable duties, taxes, and interest resulting from the CAD transmission. In the case of adjustments, the results will also be detailed on a Statement of Adjustment sent to the Importer's inbox on the CCP. This information is accessible by customs brokers and Third Parties that have delegated access to the Importer's account.

178. Adjustment results are captured on the Statement of Adjustment, which provides information on previous and adjusted transactional details, the change in total duties and/or taxes assessed (if applicable), and the legislative authority supporting the change. If there is a change in the total duties and/or taxes assessed, the net change (i.e. credit or debit) of any adjustments are also provided on the DN.

## **Rejection of CAD for CSA corrections and adjustments**

179. Upon submission of the CAD, the transmitting party receives an outbound message rejecting the CAD transmission. The CSA importer or their authorized representative is asked to update the CAD based on error messages communicated via EDI. Sample error messages can be found in Chapter 26 Appendix B MIG CAD Examples of the ECCRD.

180. The importer or their authorized representative updates the CAD based on error messages communicated to the client via EDI. Requirements and information specific to CSA corrections and adjustments can be found in Chapter 26 Section 14.3 CSA Corrections and Adjustments of the ECCRD. Additional considerations, limitations, and requirements for line additions and voiding are found in Chapter 26 Sections 8.2 Considerations and Limitations and 8.3 Line Additions and Voiding of the ECCRD.

181. The importer or their authorized representative transmits the CAD via EDI. The updated version of the CAD is re-validated.

## **CSA pre-CARM adjustments**

182. The CSA Pre-CARM Adjustments process changes information on *Canada Customs Coding Forms* (B3-3s) submitted prior to CARM Release 2 go-live for CSA importers. A change to the CAD is considered a pre-CARM adjustment when the change occurs after CARM Release 2 go-live to declaration information that was submitted prior to CARM Release 2 go-live. Eligibility for pre-CARM adjustments end after the prescribed time to file adjustments per policy.

183. Adjustments to pre-CARM B3-3s may result in a positive, negative or neutral change to the duties and taxes on the goods imported into Canada, which may also result in a calculation of interest either owing to the importer or owing to the Crown. Pre-CARM adjustments can be submitted by the CSA importer and their authorized representative.

Note: There is no mass adjustment functionality for pre-CARM B3-3s. As such, each adjustment must be submitted individually.

184. To make a pre-CARM adjustment, CSA importers or their authorized representative submit a Pre-CARM Adjustment Request via the CCP or EDI specifying the difference in value (delta values) incurred for duties and taxes. These requests are accepted by the CARM system so long as they pass the validation process and act as the “As Adjusted” CAD. CSA importers or their authorized representative may be required to make changes to the “As adjusted” CAD as part of the adjustment process after the initial pre-CARM adjustment as a result of compliance reviews.

### **Submitting a pre-CARM adjustment**

185. The importer or their authorized representative submits a Pre-CARM Adjustment Request in CAD format via EDI or the CCP. This can be a single or consolidated adjustment request. The importer is responsible for calculating and submitting the duties, taxes and interest delta (i.e. difference in interest from the original pre-CARM B3-3 submission) as debit or credit values. Detailed submission requirements and associated inputs for submitting Pre-CARM Adjustment Requests can be found in Chapter 26 Section 14.3.1 Pre-CARM Adjustments: Customs Self Assessment of the ECCRD.

186. The system validates that the required information is provided and ensures the information is in the correct format. If the submission does not pass validation, the CAD is rejected and an error message is provided in the CAD response message. If rejected, The CAD is not stored in the CARM system.

187. If the submission passes validation, the CAD is accepted and stored in the CARM system for duties, taxes, and interest calculation (if applicable).

188. The duties, taxes, and interest delta (debit or credit) captured in the Pre-CARM Adjustment Request is posted to the CSA importer’s account.

189. The outbound message regarding the results of the process is transmitted to the sender via EDI. This includes any applicable duties, taxes, and interest resulting from the CAD transmission. The results will also be detailed on a Statement of Adjustment sent to the Importer's inbox on the CCP. This information is accessible by customs brokers and third parties that have delegated access to the Importer's account.

190. Adjustment results are captured on the Statement of Adjustment, which provides information on previous and adjusted transactional details, the change in total duties and/or taxes assessed (if applicable), and the legislative authority supporting the

change. If there is a change in the total duties and/or taxes assessed, the net change (i.e. credit or debit) of any adjustments are also provided on the DN.

## **Rejection of pre-CARM adjustment**

191. Upon submission of the CAD, the transmitting party receives an outbound message rejecting the CAD transmission. The CSA importer or their authorized representative is asked to update the CAD based on error messages communicated via EDI. Sample error messages can be found in Chapter 26 Appendix B MIG CAD Examples of the ECCRD.

192. The importer or their authorized representative updates the Request based on error messages communicated to the client via EDI. Detailed submission requirements and associated inputs for Pre-CARM Adjustment Requests can be found in Chapter 26 Section 14.3.1 Pre-CARM Adjustments: Customs Self Assessment of the ECCRD. The CSA importer or their authorized representative transmits the request via EDI. The updated version of the request is re-validated.

## **Subsequent adjustments for pre-CARM adjustment**

193. After changes to information on an existing CSA pre-CARM B3-3 is accepted by the CARM System, the importer is notified that additional adjustment(s) are required as a result of a compliance verification. This scenario details information about actions that need to be taken by the importer to complete the subsequent adjustment process.

194. The importer is notified that subsequent adjustments to their pre-CARM adjustment is required. Since the importer already has a CAD on file, the importer can complete the adjustment via the standard adjustment process.

## **Supporting documentation**

195. It is not necessary to provide supporting documentation at the time of the automated adjustment. However, in accordance with section 40 of the Act, the importer is required to maintain the appropriate records on file and make them available to the CBSA when requested.

196. CSA participants are required to maintain audit trails from the adjustment transaction to the source document that triggered the need for the change and from the adjustment transaction that included the adjusted revenue.

197. Where the CSA importer fails to make information relating to imported goods available to the CBSA when requested, a penalty may be assessed. In addition, there is a specific SIMA-related penalty that may be assessed when the CSA importer fails to provide the detailed product description for a particular import when requested. A contravention may be assessed where the importer fails to respond to a written request.

## **Consolidated adjustments**

198. Mass adjustments are used to bundle changes to information across two or more CADs and transmit them via EDI following initial CAD acceptance for RPP clients. The changes must be for the same goods for the same issue (i.e. the reason code must apply to all adjustments), with the exception of a tariff treatment change that may require a classification and country of origin change (where two reasons are allowed).

199. The changes may result in positive, negative, or neutral changes to the duties and taxes on the goods imported into Canada, which may also result in the calculation of interest either owed to the client or owed to the Crown. The process provides clients and the CBSA the ability to request an adjustment to multiple transactions for specified reasons including but not limited to responding to a CBSA compliance verification and self-identified corrections.

200. Mass adjustments can be initiated by importers or their authorized representatives. They can also be initiated by the CBSA (e.g. as a result of a compliance verification where the TCP does not make the necessary changes within 90 days).

201. Adjustment results are captured on the Statement of Adjustment, which provides information on previous and adjusted transactional details, the change in total duties and/or taxes assessed (if applicable), and the legislative authority supporting the change. If there is a change in the total duties and/or taxes assessed, the net change (i.e. credit or debit) of any adjustments are also provided on the DN.

202. CBSA-initiated CAD changes will create a new CAD version and clients will be notified via the CCP through a Statement of Adjustment. The ability to submit and view CADs, notifications, and Statements of Adjustment is governed by Delegation of Authority, and is limited to those with the appropriate delegations to the Importer's account.

203. EDI participants who wish to submit mass adjustment requests must first generate a Mass Adjustment Case via the CCP. The case reference number (CBSA

Case Number) provided for the Mass Adjustment Case must be provided in the mass adjustment request. Like standard corrections and adjustments, mass adjustments require the transmission of the entire CAD with Function 4 as described in Chapter 26 Section 2.1.1 Message Functions of the ECCRD. Changes may be applied to fields at the declaration, invoice and commodity level. There is no limit to the number of fields the reason code/legislative authority may be applied to in a single submission. More information on the requirements for submitting a mass adjustment, adding or voiding an invoice line, field-level formatting, and rules can be found in Chapter 26 Sections 8.2 Considerations and Limitations and 8.3 Line Additions and Voiding of the ECCRD.

## **Mass adjustments of CAD via EDI**

204. The Importer or their authorized representative generates a Mass Adjustment Case via the CCP. The CCP produces a CBSA Case Number for the Mass Adjustment Case.

205. The importer or their authorized representative modifies all CADs associated with the mass adjustment, updates the information to reflect the required change(s), and references the Mass Adjustment Case using the CBSA Case Number. They then transmit the CADs via EDI. The CBSA can also make changes to the CAD (e.g. as a result of a compliance verification where the TCP does not make the necessary changes within 90 days). Additional considerations, limitations, and requirements for line additions and voiding are found in Sections 8.2 Considerations and Limitations, 8.3 Line Additions and Voiding, and 8.6 Mass Adjustments of the ECCRD.

206. Supporting documentation may be required upon submission as per policy, and may be requested by the CBSA after submission for any change at any time. It is the TCP's responsibility to submit any attachments via the CCP; there is no option to provide supporting documentation via EDI. No reminder notification is sent for insufficient supporting documentation.

207. The CARM system validates that the CAD received via EDI contains information in the correct format and performs additional validation based on CBSA business rules/legislative requirements.

If the submission does not pass validation, the CAD(s) is rejected and an error message is provided in the CAD response message. If rejected, the CAD is not stored in the CARM system. If the submission passes validation, the CAD is accepted and stored in the CARM system for duty, tax, and interest calculation (if applicable).

208. The CARM system posts the updated duties and taxes. If the adjustments result in an amount owing to the CBSA, interest owing will be calculated and added to the

amount. If the adjustments result in a refund to the Importer, and the CBSA does not issue a Statement of Adjustment within the 90 day limit, the system will calculate interest beginning the 91st day after the claim was successfully accepted.

209. The outbound message regarding the results of the process is transmitted to the sender via EDI. This includes any applicable duties, taxes, and interest resulting from the CAD transmission. If the adjustment requests are processed automatically by the CARM System, the outbound EDI message will provide confirmation of the acceptance. This means that the version submitted is the latest version. If the adjustment requests require review by an Officer, the outbound EDI message will indicate such. After the Officer processes the adjustment requests, the results (decision) will be detailed on a Statement of Adjustment sent to the Importer's inbox on the CCP.

210. Adjustment results are captured on the Statement of Adjustment, which provides information on previous and adjusted transactional details, the change in total duties and/or taxes assessed (if applicable), and the legislative authority supporting the change. If there is a change in the total duties and/or taxes assessed, the net change (i.e. credit or debit) of any adjustments are also provided on the DN.

## **Rejection of CAD accounting for mass adjustments via EDI**

211. Upon submission of the CADs, the transmitting party receives an outbound message rejecting one or more of the CAD transmissions. The Importer or their authorized representative is asked to update the CAD(s) based on error messages communicated via EDI. Sample error messages can be found in Chapter 26 Appendix B MIG CAD Examples of the ECCRD.

212. Error messages and additional information (if applicable) for resolving the issue(s) is provided only for rejected transactions. The Importer or their authorized representative updates the rejected CAD(s) based on error messages communicated to the client via EDI. Additional considerations, limitations, and requirements for line additions and voiding are found in Chapter 26 Sections 8.2 Considerations and Limitations, 8.3 Line Additions and Voiding, and 8.6 Mass Adjustments of the ECCRD.

213. The Importer or their authorized representative transmits the CAD(s) via EDI, referencing the same Mass Adjustment Case using the original CBSA Case Number if the request has not yet been processed. If processed, a new Mass Adjustment Case must be generated and the new CBSA Case Number referenced in the submission (this is treated as a new submission). The updated version of the CAD(s) is re-validated.

## Self-assessment of drawbacks

214. Information on drawbacks can be found in [Memorandum D7-4-3: NAFTA Requirements for the Duty Drawback and Duties Relief Programs](#). There are some differences with drawback activity under the CSA program.

215. CSA importers submit a SDA form rather than individual drawback claims. The SDA form summarizes additional details necessary for the processing of CSA Drawbacks, such as the claim number, authority, and amount claimed for the billing period.

216. The SDA form asks the TCP to identify program specific information in the form including, but not limited to:

- a) CSA importer name and BN15
- b) Billing period (previously RSF month)
- c) Authority
- d) NAFTA
- e) Claim number
- f) Plant
- g) K32A vendor name and K32B exporter name
- h) Claim period
- i) Amount filed
- j) Total claimed

217. The CSA importer submits the completed SDA Adobe form on the CCP for a CBSA Officer to review. Unlike regular drawback claims, a waiver of rights from all other eligible drawback claimants (K32A, K32B) is not required upon submission, though a CBSA Officer might request it during their review of the SDA form.

218. If the CBSA Officer cannot validate the SDA form (e.g. because of incomplete or inaccurate documentation, a duplicate claim), the CBSA Officer may work with the CSA importer to collect the necessary information before approving the claim, or rejects the claim and updates the claim status to 'Rejected', which is reflected on the CCP. The claimant also receives a Denial Letter, outlining the reason for the denial, through the CCP.

219. The CBSA officer processes the refund via the Manual Billing process. The CARM System posts the amount refunded to the TCP's accounts receivable sub-ledger referencing the claim.

## Self-adjustment under SIMA or surtax

220. The importer submits a request for re-determination (refund) of SIMA duties after the payment due date via the CCP.

221. A request for re-determination must be submitted via the CCP when requesting a refund of SIMA duties after the payment due date. The importer submits a request through the CCP using a separate web-form and does not submit changes through the CAD itself.

222. The importer selects the lines on the CAD(s) they wish to appeal by either:

- selecting the CAD lines themselves, when appealing the original determination (i.e. initial SIMA decision or deemed decision); or
- selecting the CAD lines captured within a Statement of Adjustment, when appealing a re-determination (i.e. a decision rendered under SIMA Section 55, 56, or 57)

223. The TCP must submit the following information along with their request:

- a) Type of request and reason(s) for the request (e.g. request for Normal Values to be established or reviewed, amount of subsidy to be established or reviewed)
- b) A statement setting out the grounds on which the determination or re-determination is contested (including the legislative authority)
- c) A statement setting out the facts on which the request for re-determination is based
- d) Evidence in support of the facts; and
- e) A copy of the original (i.e. interim and final) accounting document package (at a minimum, the customs invoice or a commercial invoice which meets the CBSA's invoice requirements; the cargo control document; and any required certificate and/or permits)

224. In cases where an importer is questioning whether the imported goods are those described in an order or finding of the Canadian International Trade Tribunal (CITT), the importer also submits evidence including samples of the imported product, product literature/specifications, certificates of specification, and purchase documents describing the goods in detail (e.g., purchase order, commercial invoice).

225. The Importer, or an authorized representative, can view the Statement of Adjustment via the CCP. The Statement of Adjustment captures the result of the process, including information on previous and adjusted transactional details, the change in total duties and/or taxes assessed (if applicable), and the legislative authority supporting the change. If there is a change in the total duties and/or taxes

assessed, the net change (i.e. credit or debit) of any adjustments are also provided on the DN.

226. For additional information, please refer to [Memorandum D14-1-3: Re-determinations and Appeals Under the Special Import Measures Act.](#)

## Section 7: Compliance

### Obligations

227. Based on CSA requirements found in the Part 2 application, the CSA importer is required to do the following:

- a) Establish a new release date and be able to provide supporting documentation for the company's receipt date(s), which replaces the border release date
- b) Use an "accounting trigger" for accounting to the CBSA
- c) Perform a monthly sweep to identify and account for open invoices and receipts not captured by the trigger
- d) Implement a mechanism to differentiate between imported goods and domestic shipments, and foreign versus domestic vendors
- e) Make adjustments for any trade data previously accounted for, that requires a correction when additional or subsequent information is received
- f) Notify the CBSA when there are changes to their TCP. The CBSA shall be notified when there are changes to an importer's US or Mexico vendor list or direct shipped domestic consignee list and,
- g) Make electronic transmissions for TCP updates

### First validation and subsequent revalidation

228. The **first validation review will usually be initiated within 12 months** of the CSA importer having begun operations within the CSA environment. It is necessary for the CBSA to validate the importer's application details and to verify that the approved CSA importer is knowledgeable about the operational requirements of the program.

229. To ensure that a CSA participant maintains good standing in the CSA program, a CBSA officer will validate the participant regularly. This process will validate that the CSA-approved importer is fulfilling all CSA obligations and that the client remains low risk. If areas of non-compliance are identified, the CBSA officer will determine if an action plan is required.

230. **Subsequent re-validations will usually be initiated 4 years** from the date the final validation report is sent to the client. In the event the CBSA officer has any concerns or if there are any major changes to client activity (i.e. new service provider, new operating systems), a revalidation will be considered prior to the four year requirement and will be initiated within 12 months of the changes having taken effect.

The re- validation process will ensure program compliance by:

- a) Conducting a risk assessment
- b) Verifying that all CSA obligations continue to be met
- c) Examining systems and audit trail capabilities
- d) Reviewing the reconciliation of revenues
- e) Administering an action plan if warranted; and
- f) Applying AMPS if non-compliance is identified

## **Monitoring**

231. After an importer has been issued a CSA authorization and begins to operate within the CSA environment, periodic monitoring may be conducted by the CBSA. This process will help maintain the general level of compliance of CSA importers with the CBSA's program legislation and related requirements.

## **Post incident analysis (PIA)**

232. The CBSA may conduct a PIA following an incident that may affect a member's program eligibility as listed in Paragraph 67. A letter of notification will be sent to the program member via the CCP when a PIA has been initiated. The letter of notification will state the reason for the PIA and request the member's participation.

233. The purpose of a PIA is to assess compliance with program eligibility requirements following an incident. A PIA will not be conducted at the request of another program or agency without grounds directly rooted in CSA program policy.

The PIA will seek to:

- a) identify the source of the incident
- b) assess the member's response and cooperation with customs regulations and law enforcement (including self-reporting); and
- c) ensure the implementation of proactive measures to prevent future incidents

234. Incidents that require a PIA may be brought to the attention of the CBSA by means of:

- a) voluntary disclosure by the business or its authorized representative
- b) communications with CBSA operations, including border services officers
- c) court decisions or legal publications

235. At the discretion of the CBSA, membership benefits, including access to FAST lanes entering Canada, may be maintained or suspended throughout the duration of a PIA depending on the severity of the incident.

The outcome of a PIA may consist of:

- a) an action plan to outline corrective measures in response to the incident; and/or
- b) suspension or cancellation of program membership

If the program member gives an unsatisfactory explanation as to the possible cause(s) of the incident, fails to respond effectively to the incident, and/or is unwilling or unable to participate in a PIA, then program membership may be suspended or cancelled at the discretion of the CBSA.

236. A letter will be sent to the program member via the CCP when a PIA has been concluded. The letter will state the outcome of the PIA and will provide an effective date for the CBSA's decision. A CBSA decision to cancel CSA program membership as a result of a PIA is subject to appeal.

## **Action plans**

237. An action plan constitutes a mutual agreement between the importer and the CBSA. Action plans are administered to resolve specific incidents of non-compliance and do not necessarily result in an automatic suspension or cancellation of a CSA authorization. Action plans are created to formally document identified compliance issue(s), provide a means by which to resolve the issue(s) as well as provide support until such situations are corrected.

238. Action plans may be created for issues of non-compliance which fall under either section 10.6(1) (suspension from the program) or 10.6(2) (cancellation/removal from the program) of the AIGPDR.

239. An action plan may be instituted for a period of up to six months, however the importer should feel they require additional time within which to address or correct the issue they may make a written request for an extension of time.

240. Should an importer feel that an action plan is not warranted, the importer should contact the Officer identified in the CCP for their case. It is important to note that an action plan cannot be appealed as it is an interim measure to aid a client with compliance issues. If a client does not follow through with the required corrective actions their CSA authorization may be suspended or cancelled.

## **Penalties**

241. Importers who do not comply with the requirements of the CSA program may be subject to penalties under the AMPS. CSA importers are not exempt from other non-CSA penalties that may also apply. More information on AMPS is available in [\*Memorandum D22-1-1: Administrative Monetary Penalty System.\*](#)

# Appendix A: Load specifications for vendors and consignees

As part of the CSA application and approval process, importers must submit an inventory of their TCPs to CBSA, as follows:

- a) A list of all United States (US) and Mexico vendors and domestic direct ship consignees must be submitted to the CBSA with the Part 2, Books and Records, of the application process. If significant volumes are to be submitted, it is recommended that a test file be forwarded to check for file layout accuracy, before submitting the entire file.
- b) A complete file must be submitted to the CBSA and approved at least six weeks before the CSA start date.

## Flat file specifications

Only flat files in fixed length records with a .txt extension can be accepted by the CBSA and uploaded into CBSA systems. Submissions that do not conform to the specifications and cannot be uploaded to CBSA systems will be returned to the applicant. This will lead to delays in the application and approval process.

CBSA will not manipulate submissions to conform to the flat-file specifications. Should corrections or updates to submissions be required, the CBSA cannot accept them by e-mail.

## Specifications

Flat files consist of the following:

- a header record
- data records
- a trailer record

All fields must be **left aligned**.

## Header record

The file must begin with a header record, which must be 450 bytes (i.e., 450 characters, including spaces). All the fields listed below are mandatory at the specified length. Complete the header record with a hard return (i.e. press 'enter').

**Table 2: Mandatory fields for header record**

Field	Data element	Length	Specifications
1	Record identifier	2 numeric	Must be "00"
2	Business number	9 numeric	The 9-digit business number of the CSA importer
3	Filler	439 spaces	439 blank spaces

**Example:** The header record should begin like this: 00123456789 and be followed by 439 blank spaces. **Do not fill with zeroes.**

## Data records

### Vendor and direct-shipped consignee

Each line (i.e. each vendor or consignee record) must contain 450 bytes (i.e. 450 characters, including spaces). All the fields listed below are mandatory at the set length specified. Any unused characters must be spaces. (Do not input "0"s) At the end of each line, include a hard return (i.e. press 'enter').

**Table 3: Mandatory fields for vendor and direct-shipped consignee**

Field	Data element	Length	Specifications	Example
1	Record identifier	2 numeric	Must be "02" for consignee records Must be "03" for vendor records	02 03
2	Business Number	15 alphanumeric	BN15 must be a recognized division of a CSA applicant. Must be nine digits, the identifier RM followed by four digits	123456789RM0001
3	TCP Type Code	2 numeric	Must be one of the following: 01 – Dunn and Bradstreet 02 – internal 03 – business number (CDN registered companies)	03

Field	Data element	Length	Specifications	Example
			04 – internal revenue service United States 05 – SCAC # 06 – other	
4	TCP identifier	15 alphanumeric	Must be 15 characters (including spaces) Will accept number or letters. This must be unique and not duplicated.	12345 67890abcd
5	Address line 1	30 characters	Must have at least two characters; At least one character must be numeric. Will accept punctuation and symbols. Must fill with spaces to equal 30 characters.	128th St.
6	Address line 2	30 characters	Will accept punctuation and symbols. Must fill with spaces to equal 30 characters.	Unit 88
7	City	30 characters	Must have at least two characters. Will accept punctuation and symbols. (e.g. St. John's) Must fill with spaces to equal 30 characters.	New York
8	Province/State code	2 alpha	For consignee records: A valid province is mandatory. For Vendor Records: If country code is "United States", a valid state code is mandatory; If country code is not "United States" a two-character province/state code can be entered, otherwise it must be filled with two blank spaces.	AB NY
9	Country code	2 alpha	For consignee records: Must = "CA" For Vendor Records: Cannot = "CA"	CA United States
10	Postal/zip code or other country postal code	10 alphanumeric	For consignee records: Must be valid postal code (no space in the middle) For Vendor Records: If country code is "United States"	N9D7H4 12345 123456789 A1A1A1B

Field	Data element	Length	Specifications	Example
			then a valid ZIP code is required. A five-digit ZIP code must be followed by five spaces and a nine-digit ZIP code cannot have the hyphen and must be followed by one space. If country code is not "United States", another country postal code can be entered, otherwise it must be filled with 10 spaces.	
11	Business name	175 alphanumeric	Must be at least two alphanumeric; Will accept punctuation and symbols. Must fill with spaces to equal 175 characters.	ABC Importing
12	Filler	137 spaces	Must fill with 137 spaces.	137 spaces

The total record must be comprised of 450 characters- including spaces.

### Trailer record

The file must end with a trailer record, which must be 450 bytes (i.e. 450 characters, including spaces). **All the fields listed below are mandatory** at the specified length. Any unused characters must be spaces. **Do not** include a hard return at the end of the trailer record (i.e. **do not press 'enter'**).

**Table 4: Mandatory fields for trailer record**

Field	Data element	Length	Specifications
1	Record identifier	2 numeric	Must be "99"
2	Number of records	9 numeric	The number of records in the file, including the header and trailer records. This number must have preceding zeroes (e.g. 000000076)
3	Filler	439 blank spaces	439 spaces

**Example:** If you had 74 vendors and consignees in the file and, remembered to add the header and trailer records, the trailer would be 99000000076 followed by 439 spaces. **Do not fill with zeroes.**

## **Reasons for rejection of flat file submissions**

Submissions will be **rejected** if:

- a) The header record does not exist, is duplicated, or is found elsewhere in the file;
- b) The header record does not begin with "00"
- c) The BN9 is not valid with the CBSA, or is not a valid CSA importer
- d) The header or trailer record does not have exactly 450 characters, including spaces
- e) No vendor or consignee records exist (i.e. no data records were provided)
- f) The vendor/consignee records are not maximized to exactly 450 characters
- g) The TCP identifier (Field 4) is duplicated
- h) The postal code includes a space or is not a valid postal code
- i) The data in each field are not left aligned
- j) The trailer record does not begin with "99"
- k) The total record count does not equal the count in the trailer record, including the header and trailer records
- l) The record count field is not nine digits (e.g. "000000076"); and/or
- m) There is a hard return after the trailer

## Appendix B: Transition

The transition of an importer from traditional CBSA processes to the CSA environment is critical, and requires careful coordination between the CBSA officer, the importer, the service providers and the CBSA. In particular, the implications of the importer's CSA "start date" need to be clearly understood and applied. On the importer's CSA start date, transactions submitted to the CBSA with the BN15 of the CSA-approved importer are processed using CSA procedures and the processing of records in ACROSS will change. These changes include:

- Release records are de-linked from accounting records for importers to trigger accounting from their internal business systems.
- The five-day time frame for the accounting of commercial goods is discontinued and the CSA importer is to account within the time frames of CSA accounting option selected. An overdue release report is not generated for releases after the start date.

## Appendix C: CSA accounting options

### Option 1

#### **Accounting period, (CAD) submission**

For all goods received/released in month 1, CAD due on or before payment due date

#### **Payment due date**

10 week days after the 17<sup>th</sup> of month 2

#### **Billing period**

All goods received/released in month 1, payment due 10 week days after the 17<sup>th</sup> of month 2

#### **Range CAD and payment due date (calendar days)**

31 to 62 days from receipt/release

#### **SOA**

25<sup>th</sup> of month 2 for all goods released in month 1

#### **Correction period**

From CAD submission date to payment due date

#### **Adjustment period**

From payment date onward

### Option 2

#### **Accounting period, (CAD) submission**

For all goods received/released between the 18<sup>th</sup> of month 1 to the 17<sup>th</sup> of month 2.  
CAD due on or before payment due date

#### **Payment due date**

10 week days after the 17<sup>th</sup> of month 2

#### **Billing period**

All goods received/released between the 18<sup>th</sup> of month 1 to the 17<sup>th</sup> of month 2,  
payment due 10 week days after the 17<sup>th</sup> of month 2

#### **Range CAD and payment due date (calendar days)**

15 to 45 days from receipt/release

**SOA**

25th of month 2 for all goods released between the 18<sup>th</sup> of month 1 to the 17<sup>th</sup> of month 2

**Correction Period**

From CAD submission date to payment due date

**Adjustment period**

From payment date onward

## **Appendix D: Letter of authorization**

Sample Only

Business Letter Head

Date

To: Canada Border Services Agency

Subject: Letter of Authorization

This is to advise you that:

Name of representative:

Address:

City/Province/State:

Postal/Zip-code:

Is authorized by:

Name of business:

Address:

City/Province/State:

Postal/Zip-code:

To provide information to the Canada Border Services Agency (CBSA) on behalf of the business as required in relation to the Customs Self-Assessment Program (CSA).

(Business Name) acknowledges that by authorizing the above noted representative, it assumes full liability for all information provided to the CBSA by their representative.

This authorization is valid until further notice.

Authorized Signature:

Title:

Telephone Number:

## References

### Applicable legislation

- [Accounting for Imported Goods and Payment of Duties Regulations](#)
- [Customs Act](#)
- [Customs Tariff](#)
- [Presentation of Persons \(2003\) Regulations](#)
- [Privacy Act](#)
- [Reporting of Imported Goods Regulations](#)
- [Special Import Measures Act](#)

### Related D memoranda

- [Memorandum D1-4-1: CBSA Invoice Requirements](#)
- [Memorandum D1-6: Authority to Act as Agent](#)
- [Memorandum D7-4-3: NAFTA Requirements for the Duty Drawback and Duties Relief Programs](#)
- [Memorandum D11-6-5: Interest and Penalty Provisions: Determinations/Re-determinations, Appraisals/Re-appraisals, and Duty Relief](#)
- [Memorandum D14-1-3: Re-determinations and Appeals Under the Special Import Measures Act](#)
- [Memorandum D17-1-5: Registration, Accounting and Payment for Commercial Goods](#)
- [Memorandum D17-2-3: Importer Name/Account Number or Business Number Changes](#)
- [Memorandum D22-1-1: Administrative Monetary Penalty System](#)
- [Memorandum D23-2-1: Customs Self-Assessment Program for Carriers](#)

### Superseded D memoranda

*Memorandum D23-3-1: Customs self-assessment program for importers*

## Issuing office

Trusted Trader Programs Unit  
Trusted Trader Programs Division  
Commercial and Trade Branch

## Contact us

[Contact border information services](#)

## Related links

- [CSA Trusted Trader Importer Clearance and Accounting Benefit Part 1 form](#)
  - [CSA Trusted Trader Importer Clearance and Accounting Benefit Part 2 form](#)
  - [Form A48, R.M.D. \*Correction\*](#)
-